CARAVANS OF COMMERCE

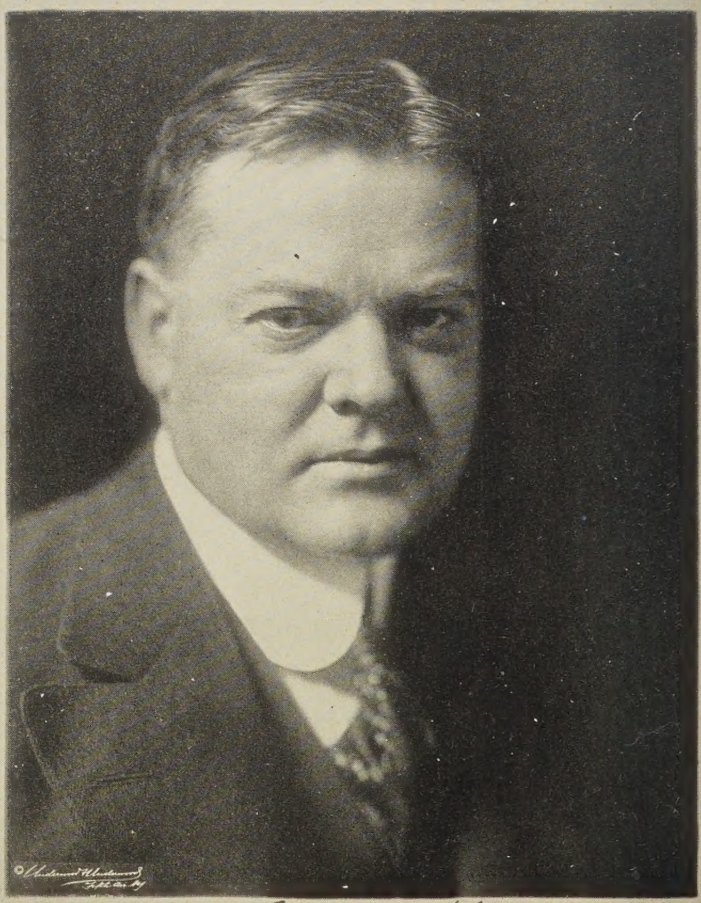
ISAAC F. MARCOSSON

Connecticut College
Library

CARAVANS OF COMMERCE

Digitized by the Internet Archive
in 2022 with funding from
Kahle/Austin Foundation

https://archive.org/details/caravansofcommer0000isaa



To my good friend
Isaac F. Marcosson
from Herbert Hoover

CARAVANS OF COMMERCE

BY
ISAAC F. MARCOSSON
Author of
"The Black Golconda",
"Adventures In Interviewing",
"An African Adventure", etc.

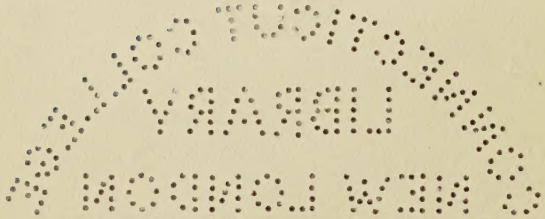
HARPER & BROTHERS PUBLISHERS
NEW YORK AND LONDON
1926

380.973
M333

CARAVANS OF COMMERCE

Copyright, 1926, by
The Curtis Publishing
Company
Copyright, 1926, by
Harper & Brothers
Printed in the U. S. A.

First Edition
H-A



TO

HERBERT HOOVER

30865

FOREWORD

In the course of much wandering about the world to appraise economic conditions, I became impressed with the efficiency of the foreign service of the Department of Commerce. Wherever I went, whether in the East or the West, I found its agents on the job.

This book grew out of a series of articles in the *Saturday Evening Post* about these representatives and their work. I hope that it will serve the double purpose of acquainting the United States with a little-known achievement, and at the same time enable the American business man to avail himself of its many and far-flung advantages.

I. F. M.

New York, June 1926.

CONTENTS

CHAPTER		PAGE
	FOREWORD	ix
I.	A WORLD-WIDE ORGANIZATION	1
II.	THE HOOVER TRADE FORMULA	19
III.	AMBASSADORS OF TRADE	48
IV.	THE HUMOR OF FOREIGN TRADE	80
V.	THE COMMODITY DIVISIONS	100
VI.	ADVENTURES IN EXPORTS	126
VII.	TRADE SCOUTING	159
VIII.	THE ROMANCE OF FOREIGN TRADE	179
IX.	COMMERCIAL TECHNIQUE	208
X.	DOLLARS AND CENTS RETURNS	232
XI.	THE MENACE OF MONOPOLY	253
XII.	THE NEW COMMODITY FREEDOM	283
	DEPARTMENTAL PUBLICATIONS	317
	BIBLIOGRAPHY ON FOREIGN TRADE	323
	DIRECTORY OF COMMERCE OFFICES	329
	DISTRICT OFFICES OF THE BUREAU OF FOREIGN AND DOMESTIC COMMERCE	332

ILLUSTRATIONS

	FACING PAGE
HERBERT HOOVER	*Frontispiece*
DR. JULIUS KLEIN, DIRECTOR OF THE BUREAU OF FOREIGN AND DOMESTIC COMMERCE	82
TRADE COMMISSIONER CHARLES LIVENGOOD IN HAVANA	194
ASSISTANT TRADE COMMISSIONER PAUL P. STEINTORF AND TRADE COMMISSIONER HALLECK A. BUTTS IN JAPAN	194
JULEAN ARNOLD AND PARTY IN PEKING	274
TRADE COMMISSIONER AXEL H. OXHOLM, IN THE SAHARA DESERT	274

CARAVANS OF COMMERCE

CARAVANS *of* COMMERCE

CHAPTER I

A WORLD-WIDE ORGANIZATION

THE AVERAGE American who reads statistics about our exports naturally reaches the conclusion that their immense volume —it amounted to nearly $5,000,000,000 in 1925 —was rolled up by the Yankee go-getter working single-handed out on the foreign battlefields of business. To a certain extent this is true, for the American commercial envoy now covers the universe. The increase of 124 per cent in our world selling between 1910 and 1914, and the advance of practically 13 per cent in 1925 over the preceding year show that we have dug ourselves in wherever the trade winds blow.

Behind the individual emissary and the far-flung fabric of commerce that he has created, is an agency that may well be designated as the mainspring of this constantly widening offen-

sive. It is the foreign service of the Department of Commerce, which acts as scout, counselor and guide generally for the manufacturer and producer, big or little, who wants to make the globe his field. In other words, it is the official sponsor of our international economic expansion. Through its efforts American over-sea business was increased by not less than $500,000,000 during the fiscal year of 1925-26.

This service is a many-sided institution. Take exploration, which few people associate with prosaic trade. In the popular mind the word means hazardous attainment of geographical objective. It may be the conquest of the icy polar reaches, the penetration of a forbidden Tibet, the struggle with a poisonous jungle. Sometimes a comparatively small area is won at a large expenditure of life and treasure. The chief compensation is too often the thrill of adventure, and the net result merely a new spot on the map.

The work of the Department of Commerce involves an exploration no less exciting and far more profitable. Its attachés have risked the glaciers of the Andes, and braved the fevers of

Ecuador; they have been wrecked on the headwaters of the Amazon; they have encountered bandits beyond the Great Wall of China, all to the end that fresh fields be opened up for the products of American farm and factory. Here is a little-known but picturesque activity that binds the corn belt of Iowa with the Manchurian plain, and links the New England textile industry with the needs of the black denizens of the Belgian Congo. This commercial adventuring annexes new trade domains and yields ample returns on the public investment as well. Probe into it and you will find that real romance dwells amid the confines of commerce and that hazard is not entirely confined to the credit side.

What I have just indicated, however, is only the spectacular part of a ramified activity that does everything for the exporter except actually sell his goods and collect his bills. For the little merchant who has no legal department it becomes an unpaid expert on foreign commercial law. For the obscure manufacturer without a traffic staff it routes his goods. For the humble trader with no selling agents it points the way to opportunity and development. When disaster or war

obstructs or destroys the beaten paths of travel, it devises new highways for goods, whether to the interior of China, the remote regions of Persia or the heart of Siberia. Its listening posts dot the firing line of business and its long arm embraces every phase of economic endeavor.

The task of purveying chewing gum for the millions of jaws of China is met with the same ease as the problem involved in the transport of a brass bed for a chief far in the interior of Liberia or the establishment of a motor-bus line in the Syrian Desert. Through the finance division it helps to make our foreign loans safe for democracy while an increasing vigilance checks speculative ardor.

Old agencies are bent to new uses in this vast undertaking to increase Uncle Sam's trade balance. When an enterprising New England manufacturer of baby carriages, for example, wanted to extend his market to Japan, where infants are carried on the backs of young and old, an alert commercial attaché in Tokio showed him how he could sell the idea of employing perambulators as a means of bringing home the family groceries. An order for 1000 was the outcome.

This is one of the many reasons why an Englishman said, "Our competition is not only with American industry but also with the American Department of Commerce."

Though this book is concerned mainly with the agencies that promote, and intervene in, our foreign trade, and what they have accomplished, the preliminary picture must briefly envisage the entire Department of Commerce and likewise comprehend the point of view of the man who has supplied much of the inspiration and the suggestion for it. It means that we must deal at the outset with Herbert Hoover, not only because he is Secretary of Commerce and therefore commander in chief, as it were, of the forces of trade promotion, but also because our foreign and our domestic commerce are so closely interwoven that to deal with one involves consideration of the other.

First, consider the psychology of our foreign trade. It has always been easy to impress the American public with the romance of selling abroad, although few stop to appreciate the real value of exports in the larger structure of our business. What was once regarded as mere

velvet is now necessary to our national economic well-being. I can best illustrate with the matter of machinery. Though our exports are only 20 per cent of the total production, this one-fifth represents the difference between profit and loss on domestic business. So, too, with many other lines.

The import side of foreign trade is the least understood, because it has been fraught with complications which have made a frank discussion almost impossible save for members of Congress. The tariff has muddied the waters ever since the birth of our first infant industry. Hence, most administrative officers of the government avoid such a discussion as they would the smallpox. It follows that though we have had an export policy, we have lacked any semblance of a business procedure on imports.

Mr. Hoover has done much to encourage a sane, business-like and nonpolitical consideration of this all-important phase of the question. He has convinced the country that if we are to sell abroad we must buy abroad, and, furthermore, that exchange of goods is the eventual and inevitable method of settling international balances.

He has laid down certain fundamentals which make up the first real import policy that we have had.

The Department of Commerce does not promote the import business in commodities that we produce in sufficient quantities to meet the home demand. Its import-promotion activities are restricted to noncompetitive products largely raw materials, which enter into manufacture and figure in the exports of our finished products. It devotes itself primarily to two phases of imports. One is to attack and attempt to break down restrictions set up through foreign governmental controls so as to protect the American consumer against profiteering and extortion. The other is to explore and encourage new competitive sources of essential raw materials in areas where a purchasing power can be developed which will react favorably on our exports.

The significance of the undertaking to overcome foreign government monopolies in raw materials cannot be overestimated. The British rubber squeeze is a case in point. The Brazilian valorization of coffee, which raised the price to such an extent that the American buyer prac-

tically went on a strike in 1924, is another illustration.

Here then is a participation in world affairs that cannot irritate the most hardened apostle of aloofness. It means that we have, in a sense, joined a league of nations to become part of a larger community of international economic interests. It is dictated by self-preservation on the one hand and profit on the other. The whole country is a partner in the alignment, because every citizen contributes to the overhead in the form of taxes. Whether he is in trade or not, he likewise shares in its benefits because the national prosperity is now inseparably allied with our exports.

While, as I have indicated, these chapters deal with the development of the foreign end of the Department of Commerce, the entire historical departmental background must be briefly fixed. So vast and varied are its functions today that it seems almost incredible that it was once merely part of a small section of the national administration.

What was formerly called the Department of Commerce and Labor was created by President

Roosevelt through an Act of Congress signed February 14, 1903. The initial step was the appointment of George B. Cortelyou as the first secretary. The law creating the department transferred to it certain small divisions and bureaus which had formerly been independent offices or allied with older executive sections. On the last day of the Administration of President Taft, in 1913, the Department of Commerce and Labor was divided into two independent wings, one to be devoted entirely to commerce and the other to labor.

What I have referred to as the foreign service of the Department of Commerce operates under the so-called Bureau of Foreign and Domestic Commerce, of which Doctor Julius Klein is the director. It is a consolidation of the previously existing Bureau of Manufactures and the Bureau of Statistics. This merger, brought about in 1912, marked the beginning, in an organized way, of our official stewardship of the foreign trade field, although a rudimentary statistical service in the Treasury Department dealing almost entirely with import and export values and vessel tonnage was set up as far back as 1789.

The foreign service of the Department of Commerce gets its legal status from language included for a period of successive years in appropriation measures. There is no specific legal authority save a general mandate to promote the over-sea commerce of the United States, which appears in the original act creating the department.

There has been in recent years a growing antipathy to the inclusion of legislative terminology in appropriation measures. In fact, an appropriation bill with such language in it is subject to a point of order, so called, in the House, which might at any time operate seriously to endanger its passage. Congress has repeatedly manifested a favorable disposition toward the work of the Department of Commerce and has refused on at least two occasions to permit other departments to take over a portion of the foreign-trade-promotion work. This attitude is obviously well founded, since any broad and intelligent programme of trade promotion must necessarily have unified direction and supervision.

The friendly disposition manifested toward the Department by Congress in recent years has

originated to a considerable degree in the recognized business ability and administrative capacity of such men as Secretary Hoover and Doctor Klein. The Department is strong on a personal basis. It is, nevertheless, conceivable that if there should be a political change which would bring individuals of lesser caliber into the direction of our foreign-trade-promotion work, the present attitude of Congress might well change. Since the foreign service of the Department of Commerce has proved its indispensable utility to American business, it seems highly desirable that the permanency of this institution be guaranteed through specific authorization of its foreign-service functions in the organic statutory law of the country. Continuity could then be assured and the work of the Department would be free from the danger of curtailments.

Accordingly, in 1924, a bill to give permanent status to the foreign service of the Department was introduced by Congressman Samuel Winslow, of Massachusetts, and was reported unanimously from the Committee on Interstate and Foreign Commerce of the House. This measure, however, could not be advanced in the normal

way by reason of the congestion of business then under consideration. It was therefore brought before the House for action under a suspension of rules, which requires a two-thirds vote for passage. Under these circumstances the bill failed, notwithstanding that the vote showed a majority of the House favorable to its passage.

A revised bill to meet certain suggestions presented by the State Department and the Department of Agriculture was introduced by Congressman Homer Hoch, of Kansas, in 1926. Though it does not give additional authority to the Department of Commerce, it puts the foreign agents on the same statutory basis as consular officials. It also provides for increase in compensation for the foreign service officers of the Department to a point where they will be on a par with those of other services. This should make it possible for the Department of Commerce representatives in the field to widen their operations, and thus help to expand commercial intelligence.

This reference to the consular services brings up a point which must be explained. Any man who travels around the world to collect business

information—I speak out of my own experience —is struck by what seems to be a duplication of effort by consuls and agents of the Department of Commerce. In many places, and more especially larger communities, they overlap in that both make reports on economic conditions.

The chief trouble has been that prospective exporters have sometimes made the mistake of applying for data to consular offices instead of to the Department of Commerce. Let us assume, for example, that an American manufacturer of shoes wished to ascertain the market possibilities for his product in China, and, thinking that the State Department has charge of field work, addressed letters to nineteen different consulates in China. This means that nineteen offices are obliged to work on this inquiry. Some of these offices are already overburdened with work such as protection of interests, which is the primary function of the consular service. Hence they can give the inquiry only passing consideration. Others are so located that their districts are not of sufficient importance to warrant encouragement to this manufacturer for the sale of his commodity in that section, and this results in

time spent on negative reports. Very few of these nineteen consulates are staffed with men specially qualified to handle this work, as they have been chosen rather for the multifarious duties of a consular officer, which, the State Department claims, cover several hundred subjects other than trade promotion.

On the other hand, if this shoe manufacturer had addressed his inquiry to the Bureau of Foreign and Domestic Commerce, Washington, instead of to nineteen different consulates in China, the shoe and leather manufactures division of the Bureau would immediately compile from the information already available in the Bureau a report for the manufacturer; or, if necessary, send his inquiry to the commercial attaché in China, who, with his staff of experts, would get together the latest available material, and call on certain of the consuls in the outlying districts for supplementary material. In other words, the commercial attaché would view China as a whole as a market for American shoes, instead of trying to furnish a number of disconnected reports from various districts.

This instance, however, is more or less excep-

tional. As a matter of fact, the foreign service of the Department of Commerce is ably supplemented by the consular service of the Department of State. The Department of Commerce, through its intimate contacts with industry, is able to give direction to the commercial reporting of both its own field officers and those of the consular service. The consuls are very helpful in obtaining a great deal of valuable information at many posts where commercial interests are of a subordinate character, and where there is no justification at present for the location of representatives of the Department of Commerce. In these minor posts, from time to time, there are business developments of importance, and the consular service is useful in reporting such matters.

Generally speaking, the functions of the Department of Commerce officers abroad are promotive in character. It is their job to acquaint American business with new markets and to aid in the development of stagnant markets. On the other hand, the function of foreign service officers of the Department of State is to protect American interests from any discrimination con-

30865

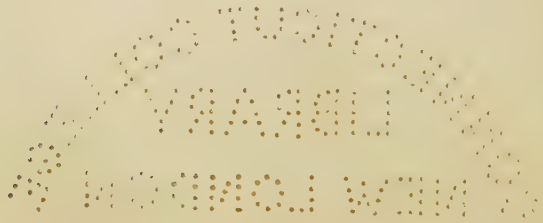
trary to treaty stipulations or the established principles of comity between nations.

The Department of Commerce, having practical business contacts, is further able to distribute commercial intelligence so as to make it most effective in promoting our foreign-trade interests. Congress apparently anticipated this by stipulating that economic and commercial reports collected by consular officers should be disseminated through the commerce end of the Government.

The Department of Commerce is a comparatively young organization. It is measurably free from the conservative practices in the treatment of foreign information which are necessarily imposed upon a department charged with the diplomatic interests of the country.

Moreover, it is a mobile organization. When a great fiscal crisis impends in Germany it can at once focus its best talent in that area. When an earthquake with tremendous economic significance takes place in Japan, similar emergency concentration of men qualified to gather accurate information is possible.

The State Department, let me add, has a



definite business function. Modern diplomacy is now so interwoven with economic interests that the Secretary of State is obliged to place greater dependence upon commercial reporting than ever before. He must have adequate information upon which to base his attitude or action in international questions. Petroleum provides one of many instances. Our oil companies are searching the universe for new sources of crude oil. Their concessions must be safeguarded and their interests protected from intrusion or infringement. Among other things, an American group had a fourth share in the Turkish Petroleum Company, which in turn was bound up in the Mosul tangle. Because of his action in behalf of petroleum the British dubbed Mr. Hughes "the Secretary of Oil."

Hence there is a certain amount of justifiable duplication in the work of consular officers and the foreign representatives of the Department of Commerce. This has been minimized through an executive order issued by President Coolidge on April 4, 1924, which instructs all representatives of the government abroad to exchange information freely, and, when stationed in the same city

in a foreign country, to meet in conference at least once every two weeks. Summed up, both the consular and the Department of Commerce services are indispensable adjuncts to American trade oversea. Their cooperation is becoming more and more effective all the time.

So much by way of setting. The immediate task is to get the Hoover formula, which is the key to our whole foreign trade operation. It is no disparagement of his predecessors to say that the real era of our organized commercial expansion oversea came when Hoover became Secretary of Commerce in 1921. He humanized and galvanized the service.

CHAPTER II

THE HOOVER TRADE FORMULA

UP TO THE outbreak of the World War various large American concerns like the Standard Oil companies, the International Harvester Company and the Singer Sewing Machine Company—I merely indicate some types—had intrenched themselves in various parts of the world through corporations organized under the laws of the different countries in which they operated, and also with branch houses. Then, as now, we lacked those resident merchants in alien lands who have been the backbone of British and German, and, to a lesser extent, of French and Italian trade everywhere. Prior to 1914 our exports, with the exception of staples like cotton, wheat, and tobacco, were sporadic and, in the main, regarded as an occasional outlet for surplus stocks.

The war business was self-selling. Urgent

need could not dictate as to quality or shipment. Its momentum was so great that there was a considerable hangover after the armistice, due to European dislocation. It lasted until 1920 when the boom burst and economic disaster stalked about.

At this critical time Herbert Hoover was made head of the Department of Commerce. It was recognized that we must not only adopt every means of maintaining our agricultural exports against the inevitable comeback of European land production, but also seek markets elsewhere to replace those that would be lost, once our old competitors got back on the job. There was another reason. Nearly 5,000,000 men were out of work throughout the United States. This not only reduced the consumption of farm produce, but made it imperative that industry start up again so that they could find employment. We had to find new world markets for our manufactures, and it meant a huge programme of trade promotion.

This is precisely what Hoover brought about. He was able to do it because, first of all, he is a practical business man with a large international

experience. In the second place, he is an engineer. During the war he attacked the various aspects of food relief from the standpoint of engineering practice. When he took hold of his portfolio as Secretary of Commerce, he introduced the same engineering methods into foreign-trade acceleration.

Under preceding administrations there had been a great deal of diffuse fact-finding about foreign business. There was much hot air and not a great deal of action. Agreeable generalities about undefined opportunities characterized most of this discussion, which was principally indulged in by after-dinner speakers. When a hard-boiled individual from Youngstown, Detroit, or Chicago showed up to ask where and how he could sell screwdrivers, lathes, motorcars, or hairpins in China, Brazil, or Peru, he created some consternation among the professional trade agitators. It was the trombone age in promotion.

Mr. Hoover fully appreciated the flag-waving and megaphone methods and he did not attempt to suppress them. He encouraged the soloists to keep on blowing the trumpets to draw the at-

tention of the business world to foreign possibilities and the eventual need of selling our surpluses abroad.

At the same time he recognized the equal importance of the less colorful "where, what, and how-to-sell" scheme, and the necessity for a highly coordinated and specialized service to boost it.

His first step was to reconstruct the entire bureau. Until his advent it was organized somewhat like the State Department, in that it was on a regional plan instead of being built up on the basis of commodities. There was an Eastern European division, a Western European division, a Far-Eastern division, and a Latin-American division. The Hoover idea was to convert the Department into terms of a great corporation which specialized in everything except actual sales.

In consequence, he launched the idea which has marked a real epoch in our foreign trade relations. At his instigation, and under authority from Congress, the Bureau of Foreign and Domestic Commerce was enlarged by the addition of what are called the commodity divisions.

Seventeen were created. They run the whole range of production, from foodstuffs and agricultural implements to shoes, hardware, textiles, lumber, and specialties. These divisions express to the fullest extent the Hoover genius for big organization. Though other chapters will be devoted to their operation and results, there must be abridged reference to them here, because they fit into the opening picture and also form part of the approach to the Hoover point of view.

Mr. Hoover knew that if his commodity divisions were to deliver their message, and, what was more important, get sales results, they must be recruited from the industries themselves. So he said to them in substance: "Regard us as an organ upon which you can play for the whole trade. You know your business better than we do. You select the man whom you consider best in your own line to head that particular branch of the commodity divisions."

The result was that, whether it is textiles, agricultural implements, iron, or steel, the division has had a trained man with factory and sales experience at the head of it from the start. Mr. Hoover backed this up by asking the in-

dustry to name a committee from its ranks to cooperate with the division handling its product. Thus each division has not only a seasoned chief, but a trained advisory cabinet as well.

The commodity organization of the Department of Commerce maintains intimate contact with home industry. It must know conditions in America in order to give direction to trade promotion abroad. When production cannot keep pace with home consumption, it is obviously useless to encourage additional foreign demand. On the other hand, when industrial surpluses develop, then it is the job of the Department to find foreign outlets and advise how they can best be employed. Thus two major functions are served. One is a vast world-wide system of commercial intelligence. The other is the distribution of this intelligence where it can be capitalized to the best advantage of the American exporter.

One of the first illustrations of the practical serviceability of the Department of Commerce reorganization, along the lines that I have just indicated, developed in the assistance given to the California rice growers. In 1921 the rice industry of that state and its financiers were

bankrupt. A crop of 4,000,000 bags of paddy rice had piled up, with no market at home, and no information available regarding sale possibilities abroad. What data the producers had were obsolete. The Rice Growers' Association of California, which had lately been formed, put its pressing problem up to the Department of Commerce.

The appeal went to the foodstuffs end of the commodity divisions. One reason why the California situation got in the dumps was the inadequacy of its world information regarding rice, notwithstanding the fact that rice is greater in value and volume than nearly any other single world crop. Through its foreign service the Department of Commerce was able to present a world picture of the rice situation in a little more than a month. This included conditions not only in the United States, but in such large rice-consuming areas as India, French Indo-China, Japan, China, and Siam.

The Rice Growers' Association found in this information the answer to their problem. As a result the members were not required to go into the American market, nor compelled to compete

with rice producers of our Southern states in the foreign fields. The outlet for California rice was discovered in Japan, where one would least expect to find it.

In 1922, the California Rice Growers' Association exported out of San Francisco exactly 78 per cent of the crop of 1921, and found in Japan the largest single foreign market for American rice that has yet been found in any one alien land. During that year 148,000,000 pounds of rice were shipped to the Nipponese at a profit. This is a greater amount than was exported out of New York or New Orleans, where the rice business had been a going concern for seventy-five years.

Practically the same state of affairs concerning California raisins existed and was remedied in 1923, when such a large crop was produced that it seemed impossible of absorption. The Department of Commerce, through the foodstuffs division, made a world survey, producing the information which enabled the raisin growers to ship 30,000,000 pounds to Europe, 20,000,000 pounds to the Orient—a virgin field for export,

as was the case with rice—and 24,000,000 pounds to Canada.

As a result of the intensive work of the Tobacco Section, American tobacco now has a wider world market than ever before. A large purchase of this product, by the Italian tobacco monopoly from the Burley Tobacco Growers' Cooperative Association, was directly traceable to the efforts of the Department of Commerce agent in Rome. I could cite many similar cases.

What was true of rice, raisins, and tobacco has happened in practically every department of our farm products. Later you will see how the foreign-service intelligence brings international crop conditions and opportunities literally to the front door of our farmers, no matter where they live. This has aided the disposal of our surplus, the net result being that, whereas in pre-war years the annual average value of our agricultural exports was $1,031,000,000, the average during the past three years has been more than $2,000,000,000.

These instances are not only typical of what the commodity divisions do; they likewise reveal a connection far more significant. Before Mr.

Hoover took hold of the Department of Commerce, the business phase of agriculture, which has probably more direct relation to the general prosperity of the country than any other single factor, had never been properly integrated into the general commercial picture. He has proved that the farm is an essential component of our larger scheme of economy, and that any broad program of foreign trade must include the interests of the agriculturists. The soundness of this viewpoint is shown in the fact that substantially two-thirds of our exports are in agricultural and unmanufactured products.

Among other things, the Secretary of Commerce has conducted an educational campaign which, for the first time, emphasized the farmer's stake in the commercial fabric on an equality with those of the textile manufacturer and the motor-car producer. He has contributed a great deal toward breaking down the notion that the business aspects of farming could be detached from other economic factors. By enlarging the view about agriculture, he has done much toward establishing a more deferential attitude on the part of New York toward Iowa and Kansas.

Sectionalism is thus eliminated. The big idea behind this missionary work is to build up a proper balance between industry and agriculture.

The G. H. Q. of all this trade-promotion effort is the eleven-story Department of Commerce Building at the corner of Nineteenth Street and Pennsylvania Avenue in Washington. Every day a mass of information from every part of the world streams into it, is sifted and adapted to individual commercial needs, and then pours out to speed up factory production and add volume to our business turnover. This huge yellow structure, therefore, is a super-reservoir of data. Unlike most statistics, which exist only on paper, these are vitalized into action. In the Hoover lexicon a fact is useful only when it can obtain results. He once referred to facts as the raw material of foreign trade.

The Department's success in speeding up exports is largely due to the personal element which functions at the top and is effective wherever its agents operate. It was ever thus where Herbert Hoover led. As an engineer in China, he gave no order that he himself would not have taken. As chief of the greatest relief organization the

world has ever known, he inspired a loyalty that made his subordinates invariably say, "I am one of Hoover's men," rather than declare that they worked for the American Relief Administration.

So with his foreign-trade promotion. To a greater degree perhaps than most individuals, I have seen his attachés in nearly every part of the world. Without exception each one might be making from two to five times the salary that the government pays, yet he sticks to the job because of the inspiration derived from his chief, and the compensation of being associated with him.

This devotion, which in turn spells service, grows out of two things. One is the personality of the man himself. The other is that he has always believed in exchange of ideas. This means that he is accessible. Every Saturday morning, for example, he holds a general conference with his staff. Here every one can speak his mind without restraint.

Mr. Hoover's office reflects his simplicity and directness. It is probably more bare of ornament than any other occupied by a high government official. His desk is never cluttered with papers.

an evidence that he is one jump ahead of his work.

It was in this office that I talked with him about our commercial exploration. I have always found him easy to interview because of his almost uncanny grasp of details. He is as familiar with what the commercial attaché at Tokio is doing as with the mail he has just read. I asked him to outline the reason and the formula for our foreign trade. This is what he said:

"Aside from the incalculable social values of an enlarged national mind, opportunity and development of world unity and mutual interest, and thus peace, there are several highly important reasons why a big international trade is fundamentally essential to our modern economic system.

"The whole fabric of our life and comfort depends upon such articles as rubber, coffee, tin, and other products which enter into every phase of living. The standard of living depends upon how much of these commodities we can obtain and employ. But the quantity of such products that we can import depends in turn upon the volume of goods we can export and exchange.

In this sense, therefore, our export trade may be regarded as a method of securing vital imports.

"Another primary reason for maintaining a large volume of exports is to give stability to our whole economic scheme by a wider spread of customers. The man who runs a business solely for one customer is always in a precarious position. If he has 1000 customers he is assured of a degree of permanency in his affairs, and his labor can count on continuity of employment. The same is true of a nation which distributes its product throughout the world.

"Furthermore, our domestic consumption of commodities ebbs and flows with various internal economic currents. Hence, an export trade, by which we can market the surplus productivity of our labor and machinery abroad, tends to counteract the fluctuations in the home demand. We have, therefore, to consider in what direction we can expand our exports and consequently our imports.

"The world has worried too much about competition in international trade. A much less proportion of this trade is competitive than is generally believed. The movement of raw ma-

terials, and even of manufactured goods, has become more and more noncompetitive, yet the instinct of nations has been to expand their trade where there is the least competitive action.

"A few years ago the Department of Commerce enunciated a new doctrine with regard to the manufacture and export of goods. Up to that time it was an oratorical reproach of our foreign trade that our manufacturers did not adapt themselves to the peculiarities of peoples abroad. We were told that we should pack goods in round boxes for Nation A, square boxes for Nation B; that we should color our products pink for Nation C, and blue for Nation D. All this required a large amount of specialized manufacturing, demanded a proportionate share of labor, and a less productive use of both machinery and capital.

"The Department, therefore, at that time announced that it conceived our future in foreign trade of manufactured products to be in goods of standard quality and standard make in which we could employ the great forces of mass production and, therefore, lower production costs. This means that we could reduce the volume of

labor employed by bringing to bear all of our high achievement in labor-saving devices. By becoming good selling agents, we could bring foreign peoples to the realization that they could get more for their money in goods of this character than through any specialized manufacture.

"Obviously, with our high standards of living, we cannot, in general, compete with European countries in producing specialties restricted to a small output.

"The progress that we have made during the past four years along the line promulgated by the Department is proof of the success of these policies. I can best illustrate with motor-cars. We now market 90 per cent of all the automobiles sold in foreign commerce, and we sell a large proportion of the tires that go with them. We also export vast quantities of other goods because of these mass production methods. They are peculiarly our prerogative because the large domestic consumption in them provides the background for manufacture on a large scale.

"Closely allied with the capitalization oversea of our mass production is an important reform which the Department instigated. For years

the multiplicity of types and grades of those commodities which we export in large volume, was not only a serious obstacle to mass output, but was also a handicap to the foreign trade in them.

"The Department set up a strong organization to aid industries in simplification and standardization. As a result, the number of sizes or varieties in cotton duck have been reduced by the trades from 460 to 94; with files and rasps from 1351 to 498; woven-wire fencing from 552 to 69; fencing-package sizes from 2072 to 138; sizes of bed blankets from 78 to 12; hollow building tile from 36 to 19; roofing-slate sizes from 60 to 30; forge tools from 665 to 351, and so on. This simplification process not only compensates for our high price of labor and standard of living, but has the further great value of enabling the small manufacturer to get into the export field.

"One of our major problems has been to expand the consuming power of the rest of the world. Fluctuating currencies, unstable fiscal systems, unemployment, poverty, and a low standard of living naturally do not contribute to a large foreign market for American products.

We, therefore, early declared a policy of interesting ourselves as far as it was possible in the economic rehabilitation of the world. We have followed this up with contributions to economic agreements, and with enormous amounts of capital with which to assist in stabilization and readjustment. This policy has been of especial value to our farmers because of the large volumes of surplus agricultural commodities for which we must now find markets. The consumptive power for soil products is a vital factor in the standard of living of the foreign consumer.

"Another direction of expanding the capacity of the consumer has been by way of interesting ourselves in the introduction of scientific knowledge and appliances in alien lands. Whenever we lend money to erect a power plant in a foreign country, we increase the consuming power of its people not only for electrical goods, but for all other products, because we have increased their consumption by giving them that great instrument of production, which is power. Thus we have sought to employ our surplus capital in improving transportation, roads, and power and harbor facilities. This is no narrow policy, be-

cause we can trust to the energies of our people to get their share of what has become an increasing demand for these opportunities.

"To promote the growth and strategy of our foreign trade, we reorganized the Department's foreign bureau. The big idea behind this reconstruction was that foreign trade was composed of the specialized work of different industries, and that it was more of a commodity job than a regional job. We therefore created what were known as commodity divisions in the major industrial and productive lines.

"Congress made the necessary appropriation for the conduct of these divisions, and I requested each of the different industries to create a committee to cooperate with the Department in working out the strategy of selling each particular commodity. The first duty imposed upon these committees was the selection of a man from their industry who would head the division. Thus the Department became possessed of a fine group of young men already acquainted with the commodity, and with some experience in the promotion of foreign trade. We then sat down with these

committees to develop the campaign for their particular industries.

"At the same time we reorganized and expanded our offices in foreign countries. Wherever possible we have placed commercial attachés in our embassies or legations. Into these positions we have fitted men possessed not only of business experience, but of broad economic outlook, because if we are to participate in the stabilization and improvement of conditions in foreign countries we must know accurately what their situations are and what can be done for their improvement. In the more important foreign offices, commodity specialists were attached for service.

"The problems of the commodity organization became automatically: first, to explore every part of the world to determine what goods could be advantageously sold there; second, to build up connections for American merchants in those localities; third, to set in motion a continuous stream of trade information for the various industries from all sections of the globe. A group of service divisions covering finance and investments, transportation, foreign laws, commercial

intelligence, and foreign tariffs were established to supplement the work of the commodity group. Overriding all has been the essential quality of cooperation with the American manufacturer and exporter.

"Then, of course, came the task of distributing data and opportunity. As part of a bigger decentralization plan, we established district offices in the big commercial centers of the country. This brought service to the very door of the manufacturer.

"It is hardly necessary to demonstrate that this system has proved its value many hundred times over. One indication of its usefulness lies in the fact that, whereas the number of applications for information and assistance in foreign trade averaged only 700 a day in 1921, there are now 7000. Nearly 50 per cent of these inquiries are answered within twenty-four hours. Incidentally, the number of confidential trade circulars sent out last year was considerably over 3,000,000 as compared with 250,000 in 1922.

"Any appraisal of our over-sea commercial activities must include the farmer's stake in them. One of our major problems is to sustain our

agricultural exports during the period of readjustment at home and abroad.

"The great increase in American agricultural production as the result of war stimulation has resulted in new problems. The only way out was to loan money to Europe with which to buy, and thus keep the stream of farm products moving as strongly as possible, build up home consumption by maintaining high stability in employment, and find new markets in South America and the Orient to take up the margin of slack. We have had considerable success in all these directions. By and by our own increase in population will absorb a large part of our export surplus of food, but that will take time.

"We want to build up in the United States a proper balance between industry and agriculture. We must not develop our industries beyond our food supplies, but we should expand them so as to give our farmers the more advantageous home market. If there is any lesson that came out of the war, it was the danger that arose from a dependence of great populations on over-sea food supplies. If we allow our national economy to develop so that we shall have this dependence

upon imports for certain essential food products we are apt to be involved in a constant drain for enormous military expenditures to protect this necessary import of food stuffs.

"One important but little-appreciated factor enters into the permanency of our foreign trade. It is elimination of waste in our industrial processes; not in the individual sense, but collectively. Here is a further problem that the Department has attacked.

"The whole programme of waste elimination in industry—it is estimated that we are conserving $500,000,000 a year through improved business methods—has a thousand ramifications. It has involved vast improvements in transportation; increased electrification; reduced periodic waves of unemployment due to booms and slumps; improved statistical services as to production and distribution, thereby minimizing hazard and speculation; encouraged economic research; and generally simplified industrial procedure. All of it has tended to reduce the cost of production. making it possible for our manufacturers to pay high wages, and at the same time reducing the price to the ultimate consumer.

"This elimination of waste, with all its by-products of economy and efficiency, provides a sort of paradox which many would have denied as being within the realm of possibility. No man can inspect the average wage and average price of commodities in the United States today without admitting that it has been accomplished by a steady drive throughout American industry. It has a most profound bearing on our export trade, and on our capacity to maintain our domestic market against imports.

"We are not a nation of factories, railroads, locomotives, or dynamos. We are a nation of human beings. The sole purpose of our efforts is to improve the happiness and comfort of every home in the United States, and thereby make that fundamental contribution from which must spring the finer flowers of life. The man who said that the higher development of civilization springs from poverty was untruthful. I have seen too many hungry people to believe that they improved morally or spiritually under poverty.

"Out of all that I have described, I am convinced that we will hold our own in competition in manufactured goods everywhere. We can ex-

pand our export trade over long periods and thereby take in more imports. By doing this we will stabilize both agriculture and industry. In the permanency of our foreign trade lies the one great element for the perpetuity of our prosperity."

To round out this approach to the concrete activities and results of the foreign-trade-promotion service, it is necessary to visualize briefly a departmental organization which for practical purposes is the exact duplicate of a business structure. Though centralization must and does exist, there is also a highly fluid decentralization.

As Secretary of Commerce, Mr. Hoover is the apex of a pyramid whose base, figuratively, extends around the world. Putting it in another way, he is commanding general of an army of penetration with units everywhere. His chief of staff is Doctor Klein, who, as you will recall, is Director of the Bureau of Foreign and Domestic Commerce. The ramification radiates from this section. To continue the military parallel, where an army would have a quartermaster-general, a combat chief, a transport head, and an intelligence coordinator, the Bureau has four assistant

directors, each in supervision of a branch of the work.

The first, in charge of O. P. Hopkins, handles accounts, files, personnel, administration, and sponsors the foreign service division, which receives, checks, and follows up all mail sent in by offices outside the United States. Mr. Hopkins also superintends the bringing out of a mass of publications of all sorts that are guideposts to our over-sea commercial expansion. They range from the weekly magazine, *Commerce Reports*, and bulletins about trade conditions everywhere, to the "Commercial Traveler's Guide to Latin America." Every conceivable aid to the exporter, including a standard book entitled "Packing for Foreign Markets," emerges from this publishing mill. The last-mentioned book—it is typical of many—not only has a comprehensive text, but shows the manufacturer, with pictures and drawings, just how to pack his product to meet the hardships of long transport, and to withstand all climates. Its value may be appreciated when I say that for years the universal complaint against our exports was that they were inadequately packed.

The second subsection, directed by Louis Domeratzky, brings us to the all-important intelligence domain. Here you have the regional allocation. There are three major divisions, namely, Latin-American, European, and Far Eastern. To them are assigned the commercial attachés, trade commissioners, and likewise the itinerant investigators who search the globe for facts and conditions that can be capitalized in our exploration in alien lands. Just how these agents work, together with stories of their adventures, will be taken up in the next chapter. The divisions dealing with foreign tariffs, finance, and investment are also in this section.

Third, come the vital commodity divisions, which have a general director in the person of T. R. Taylor. Under this wing is the standardization committee, which has wrought the simplification of sizes, types, and varieties to which Mr. Hoover referred in his interview. Transportation and communication are also dealt with in this department.

The fourth and last, which is headed by John Matthews, Jr., expresses decentralization because it controls the eleven district offices maintained

by the Department of Commerce in the United States, and also the thirty-five cooperative offices where the departmental facilities are locally available through cooperation with a chamber of commerce. This nation-wide opportunity bureau, for such it is, which brings essential information literally to the elbow of the manufacturer, is Mr. Hoover's reply to the ancient plaint, "We cannot get next to a governmental department." It means that a small exporter in Chattanooga, Milwaukee, or Columbus can call up an office in his own town and in ten minutes get the dope on trade conditions in Greece, India, or Austria. Here, as elsewhere throughout the service, the short cut is always possible.

In this group also comes the Commercial Intelligence unit, the division charged with the collection and dissemination of information as to the standing and reliability of foreign buyers and agents, as well as the compilation of directories giving the names, addresses, and other pertinent information as to such buyers and agents in every market of the world.

Under the fourth subdivision is grouped domestic commerce, which until recently played

a comparatively small part in the larger movement of our sponsored trade turnover. About a year or so ago the Bureau decided that there were a number of domestic problems, particularly the elimination of waste in distribution, which needed attention and which had been neglected due to the ever increasing demand for service in the foreign field. This division was created for that purpose.

The vast machinery for our over-sea-trade promotion is revealed. We can now see how it works and what it does under many alien skies.

CHAPTER III

AMBASSADORS OF TRADE

THERE is a widespread belief that diplomatic representatives and members of the consular service constitute our only official link with foreign countries. But during the past few years we have created another kind of envoy who deals with the activity upon which our whole economic well-being now rests. He is the so-called commercial attaché, or trade commissioner, and as such he is a real ambassador of trade.

Whether in London, Paris, Berlin, Rome, Tokio, Rio de Janeiro, Peking, Buenos Aires, or Constantinople, these ambassadors man the listening and observation posts on the over-sea business battle front. They collect the immense mass of commercial intelligence that streams into the Department of Commerce and is capitalized into opportunities for the exporter. Putting it in another way, they are the field commanders of

the American army of trade promotion which scours the world.

Romance and adventure mingle with the practicality of their effort. One day they appear in morning coat and top hat at some state function in a world capital. The next they may depart in khaki on some hazardous journey of exploration to the headwaters of the Amazon, the interior of China, or the wilds of Anatolia. A considerable part of our incessant search for new and independent sources of raw materials, like rubber, to circumvent alien monopolies, is in their hands. Thus Yankee penetration, upon which the sun never sets, spans the whole cycle of production.

Moreover, the work of our ambassadors of commerce not only swells trade returns, but affects the destinies of nations as well. The award to an American company of a $27,000,000 contract for the drainage and irrigation of the great Saloniki Plain will register an epoch in the modern economic history of Greece. As an event, it ranks second in importance only to the tremendous influx of refugees in 1922 and 1923, and is of far greater material value.

This contract, which was made possible by the

active intercession of the American Legation and the American commercial attaché at Athens in the face of active foreign competition, will eventually provide the opportunity for prosperous settlement for at least 25,000 refugee families. Being agricultural peasants, they will largely solve the pressing food-scarcity problem in Greece. The contract will also afford daily work over a period of five years for 5000 men and increase the wealth of the Saloniki area by about $38,000,000. Numerous similar instances could be cited.

The commercial attachés and trade commissioners are part of the foreign service of the Department of Commerce. It is a vital and indispensable factor in the development of American interests wherever men buy and sell, and has helped to make the United States a commercial power of the first magnitude. The average monthly value of exports during 1925 was more than $390,000,000, an increase of 12 per cent over the preceding year. Incidentally, our imports are on a larger scale than ever before. For the first three-quarters of 1925 they were larger

than for any full year prior to 1919. We have learned that to sell abroad we must buy abroad.

Technically, the foreign service operates under the Bureau of Foreign and Domestic Commerce, of which Doctor Julius Klein is director. In a preceding chapter I explained the larger departmental organization radiating from Secretary Hoover, and presented his foreign trade formula. We can now go ahead with a revelation of the concrete activities of the bureau, and, what is more important, the actual results.

It scarcely seems necessary to emphasize the urgent need of a standardized export trade such as is sponsored by the Department of Commerce, for it has become the guaranty of our national economic stability. To quote Doctor Klein: "Prosperity is never constant. Eventually there will be a sag in the line. A carefully planned export program, therefore, is a tried and practical insurance policy to check the severity of that downward slide."

A sober and far-sighted system of sales abroad has been, in thousands of instances, just enough to pull the balance over to the right side of the ledger. To the average house, export trade is

not so important for its own sake as for its effect upon the stability of the whole merchandising operation of the establishment. Because certain American industries have spread their sales risks over the entire world, their outlets are secure and stable, and they can maintain fairly uniform production and prices. In other words, foreign markets are buffers between the ups and downs of domestic demand.

Obviously, to make export trade stable, the exporter must be well informed. He can proceed profitably only on the basis of accurate and comprehensive data. American firms often make the mistake of trying to sell goods where no local use can be made of them. Importers to Bermuda, for example, are constantly being circularized by manufacturers of automobile accessories in face of the fact that there is not a single automobile on the island. The use of motor-cars is prohibited by law.

Likewise, makers of hair-curling and marcel-waving equipment often try to sell their wares in areas inhabited exclusively by blacks, whose particular demand is for anti-curling devices. Island merchants in the West Indies, where the sole

piece of equipment is an ox cart, receive letters from firms wishing to sell sugar-mill machinery. News of the opening of an artificial ice-skating rink in Buenos Aires resulted in an avalanche of ice-skate literature from the United States. The rink in question measured exactly ten by twenty feet. These procedures are practically as absurd as shipping fur coats to the equator or summer underwear to the Arctic.

All this means that whether the exporter is large or small he is in constant need of facts, and frequently more direct forms of assistance. He must know the trends of trade, local conditions, foreign production figures, import and export statistics; statutes relating to tariffs, currency movements, corporation laws, patent and trade-mark legislation; regulations about commercial travelers, specifications governing the packing and labelling of foodstuffs, especially in tins; the status of embargoes, sales and stamp taxes, and many other agencies that make for success or failure in the over-sea selling endeavor. In addition, emergencies arise which require quick and even forceful intervention by some representative on the spot. It may be to expedite a transaction,

or to prevent delay in delivery; the imposition of penalties, or actual confiscation of goods.

No individual American firm—and for that matter, no group of concerns—is in a position to provide such a vast service of fact finding on the one hand, or active cooperation on the other. It is clearly the function of the government. This is precisely what Uncle Sam has done in establishing our foreign-trade promotion and intervention service, which brings an infinite variety of opportunity to the very door of the exporter.

Fully to comprehend just how this foreign service works, you must know first, the structure of organization; second, the operation of its commercial intelligence, which is the lifeblood of a considerable part of our export trade.

The service dates from July, 1905, when an appropriation of $30,000 became available to the then Secretary of Commerce and Labor for compensation and necessary traveling expenses for "special agents to investigate trade conditions abroad with the object of promoting the foreign commerce of the United States." The present appropriation is $3,000,000. Though the finan-

cial outlay has increased a hundredfold, the benefits are well-nigh incalculable.

From 1905 until 1914 commercial investigation in the foreign field was carried on wholly by agents traveling from place to place. A hint of the early significance of what they did is gained from the employment at home of the results of their labors abroad. In 1907 the expert who investigated the Lancashire district in England obtained samples of every grade of cotton piece goods exported from that district, including a number of fabrics not manufactured in the United States, but whose production, it was believed, could be undertaken readily and profitably on this side of the Atlantic. Upon his return an itinerary was arranged for him, embracing the principal cotton-manufacturing centers of the Southern states. The agent conferred with mill managers, exhibited samples, and supplied information which led to the manufacture of these fabrics over here. The European expert in leather performed the same service for the associated leather industries of New England.

In 1913—by this time the Department of

Commerce and Labor had long been divided, and the commerce end was functioning on its own—the officials in charge of foreign service began to urge the advisability of giving definite statutory recognition to its field agents to assure them continuity of policy and employment. It was vital that they should be put in a position to compete with the foreign-trade representatives of other nations. Commercial geography had become a highly important world study. It was suggested that permanent commercial attachés be maintained at posts especially important to our export trade.

Accordingly, just a month before the outbreak of the World War in 1914, this recommendation, made by the Bureau of Foreign and Domestic Commerce, was acceded to by Congress. The sum of $100,000 was appropriated for the establishment of commercial attachés "to be appointed by the Secretary of Commerce after examination under his direction to determine their competency, and to be accredited through the State Department."

Ten attachés were named at the start. The centers selected and the territories served first

by them were: London for the United Kingdom; Berlin for Germany, Netherlands, Denmark, Norway, and Sweden; Paris for France, Spain, Portugal, Switzerland, and Belgium; Petrograd for Russia; Buenos Aires for Argentina, Paraguay, and Uruguay; Peking for Japan and China; Rio de Janeiro for Brazil; Lima for Peru, Ecuador, and Bolivia; Santiago for Chile; and Melbourne for Australia and New Zealand. From these ten pioneer posts sprang the present world-wide chain of attachés and trade commissioners which represents the American business man in every important capital.

In addition to attachés at each capital of any importance, the foreign service has representatives at Alexandria, Batavia, Bogota, Bombay, Calcutta, Helsingfors, Manila, Montevideo, Sydney, Riga; at San Juan, Porto Rico, and Ottawa. The last-named post, established late in 1924, is especially valuable since Canada takes approximately one-sixth of our exports each year. Expert information on the differences between Canadian and American markets is essential to our export sales organizations. The need of an office at Ottawa was demonstrated by the

requests submitted by our manufacturers within a week after it was opened. These included a wide range, such as the sale of American textiles, radio apparatus, clocks, school equipment, scales, and advertising novelties. Furthermore, the services of the office were at once sought by prospective Canadian buyers of sundry lines.

As the foreign-service contacts with the American business world became more and more intimate it was realized that reports on various commodity situations must be obtained with the least possible delay. This was especially true of coffee, which we consume in far greater quantities than any other country in the world. Hence an office was opened at São Paulo which is under the general supervision of the attaché at Rio de Janeiro. Similar offices have also been opened at Hamburg, Johannesburg, Shanghai, and Canton, China.

To go back a moment, it was peculiarly fortunate that the commercial-attaché system was inaugurated in time to have it function during the World War. Prior to its outbreak the major work was almost entirely trade promotive. With our entry into the great struggle the scope wid-

ened, because the personnel had to devote themselves also to economic developments that would aid in the prosecution of the conflict, especially in the pressing matter of finding raw materials like platinum, of which we had an insufficient supply. They also cooperated with the War Trade Board, the Shipping Board, the Food Administration, the War Industries Board, the Department of Agriculture, and, of course, the State and War departments.

With the signing of the armistice, the commercial attachés not only resumed the normal activities of trade promotion and investigation, but helped to solve the many problems that developed with the readjustment period. In Argentine, Brazil, Japan, for example, they ironed out the difficulties involved in the deluge of American goods that far exceeded immediate need. This was notably true in Buenos Aires, where $50,000,000 worth of our exports for which acceptance was refused, piled up in the custom house. In England, France, Italy, Spain, Holland, Denmark, the attachés had to deal with complications arising out of the relax-

ation and modification of war-time trade restriction.

In 1921 the work of the special traveling commercial investigators was discontinued, because it was found that the useful functions they had performed since 1905 could be effectively carried on by the staffs of the permanent offices abroad, which in many instances contained men who were specialists in particular lines. To illustrate: The commercial attaché at one of the principal European capitals had many years of experience with large American export houses and the foreign-trade bureau of the Merchants' Association of New York City. Another continental attaché had worked four years for the International Harvester Company, and had subsequently been in the bond business. A trade commissioner in a great Far-Eastern port had had no less than fifteen years' training in general merchandising in the United States and foreign countries before entering the service of the Bureau of Foreign and Domestic Commerce.

One of the traveling investigators, who made three important general surveys abroad, was especially equipped by reason of many years of

work as mine and hacienda administrator in Mexico and South America. In the preparation of handbooks on Latin-America, he was able to appraise agricultural and commercial conditions with the eye of an expert, because he himself had in the past been directly concerned in such activities as came under his observation in his capacity of government trade scout. Other attachés have been engineers, which makes them peculiarly valuable in highly specialized investigations.

There was another reason for the discontinuance of the traveling investigators. It came with Herbert Hoover's advent as Secretary of Commerce, when he introduced the Commodity Divisions, which provide an intensive technical and promotive service for the American exporter in terms of commodities. Since these Commodity Divisions will form the subject of another chapter, there is no need to enter into any detailed explanation of them here, save to say that on their initiative experts are sent from time to time into the foreign field, as emergency dictates, to make special investigations. It may be to ascertain the lumber situation in Scandinavia, hardware

possibilities in Spain, or the opportunities for mining machinery in Mexico.

Now a word about the qualifications of these ambassadors of trade. To begin with, they are the highest ranking officers in the foreign service of the bureau, and its only representatives with a diplomatic status. A commercial attaché is assigned to an embassy or a legation, and a trade commissioner to posts not having a diplomatic mission although they perform similar work. In the larger capitals there are both an attaché and trade commissioners. Where the work is very heavy, each has various assistants who specialize. In Berlin, for example, there is a specialist whose sole task is to keep in touch with the machinery industries, and a second studies potash and the dye and chemical industries. So it goes.

The men who hold these posts—you will soon see who some of them are in terms of their work—must combine business experience, whenever possible, with a broad economic outlook, since they are required to deal with national fiscal policies. Unlike our consuls, who also collect business information, they represent a great deal of flexibility in action. A consul must remain at his post,

whereas a commercial attaché or a trade commissioner can hop into the seat of economic dislocation.

The commercial attaché at Paris, for example, went into the occupied territory of Germany, and obtained the release of merchandise purchased by American importers which was urgently needed. The French had placed an embargo on the flow of German goods. Another illustration was the trip of the trade commissioner at Constantinople to Angora almost immediately after Kemal Pasha set up the Turkish capital there. He was not only the first alien to penetrate there, but returning by a different route brought out a vast amount of information about the needs of the newborn republic. Still another is afforded in the many expeditions into the interior of China by the commercial attaché at Peking to blaze the way for the variety of exports ranging from movies to motors.

In appraising the efforts of our trade ambassadors it is well to keep in mind that their fundamental service is to procure sound information for the use of the American exporter. Yankee business will not put up with generalities or glib

phrases. It means that the commercial attachés and trade commissioners must get facts, or they are supplanted. They must read the local language almost as well as English, for they are called upon to digest an enormous mass of material in the daily newspapers and magazines in order to keep up with events. They must also be able to write readily and to the point. For this reason, individuals who have had experience in newspaper reporting often do very well in the service.

Accurate reporting demands character analysis as well. It is one thing to use one's eyes and merely see, and quite another to use one's eyes with understanding back of them. Intelligent observation makes prediction possible, and this is what is required of many field agents.

In dealing with these envoys throughout the world, I have been struck with the scope of their understanding of the people of the countries to which they are accredited. In many instances their deep-seated knowledge has made almost uncanny prophecy possible. I have in mind various contacts with Dr. Alfred Pearce Dennis, who has had perhaps the most variegated experience

in the foreign trade service. He holds four university degrees, has been a member of three college faculties, has explored in Alaska, and mined and logged in British Columbia, Maryland, and Virginia.

It was while he was commercial attaché at Rome in the dark days of 1919, that I asked him about the likelihood of Italy's blowing up and running wild on a Bolshevik circuit. I recall that he said:

"Not a bit of it. All this gesticulation, shouting, and red flags is an expression of Italian individualism. The Italians are the most individualistic people in the world. Anybody is free to talk and shout as much as he chooses, but back of it all they are the most conservative people I have ever known. I am confident that Italy will be the first of the great belligerents to recover. She will be the first to set her house in order, balance her budget, honor her obligations, and restore her credit. I should not be at all surprised to see the Italian lira worth more within five years in the money market of the world than the French franc. Order will come out of this chaos through the instinctive turning of the people to some

strong man. The most splendid eras in Italian history have always been associated with benevolent despotisms such as that of the Emperor Augustus, and of Lorenzo de Medici, in Florence."

The "strong man" whom Dennis saw in his mind's eye was Mussolini. Not so long afterwards I discussed with him the possibilities of German recuperation. Agriculture being an annual undertaking and the land not having been overrun by invaders, I could not see but that Germany was in for much quicker agricultural recovery than France, particularly in regard to the sugar-beet industry. The bulk of the French sugar-beet region was fought over for about four years.

"No," said Dennis, "the French beet-sugar industry will recover much more quickly than the German. Whereas Germany before the war was able to put a million metric tons of sugar on the world market, you and I probably will not live to see the country recover this pre-war export strength. The Germans have lost their seasonal labor of Poles and Czechs who formerly crossed the frontier to work in the German beet fields.

They have lost their sugar-beet lands to Poland. Their sugar-beet soils have suffered four years' deterioration through failure to obtain foreign phosphates. For years the best that can be hoped for Germany is to make strap and buckle meet when it comes to the production and use of sugar."

It is interesting to note, five years after the prophecy, that Germany is barely able to supply her own home needs in beet sugar, while the French industry has gone back to more than its pre-war strength.

One of the outstanding men in the foreign service is Julean Arnold, who had been commercial attaché at Peking since 1914, and whose qualifications and achievements will serve to disclose the type and fitness demanded. His work has been of peculiar importance because China, like Russia and South America, has vast possibilities for the future.

Arnold is a graduate of the University of California, and was the first American student interpreter to be attached to our legation at Peking. Subsequently he held consular posts at Dairen, Shanghai, Fuchow, Amoy, Formosa,

and Hankow. In consequence, he speaks Chinese, including several dialects, as well as he does English. During 1910, he made a 1200-mile tour on foot across west China. In 1918 and in 1922, he was chairman of the American delegation to the China Tariff Revision Conferences. His commercial handbook of China, a recognized authority, is only one of the many valuable publications by him.

In connection with this handbook is an interesting story. When the Painleve Commission from France visited Peking a few years ago, the French Minister to China prepared a voluminous report for the economists attached to the party, based on statistics from the French consuls throughout the republic. Much to his surprise, it was declined with the remark that the American Commercial Handbook of China had all the information they wanted.

During the early years of the World War, American trade interests in China were confronted with many perplexing situations. This condition was complicated because the American houses and merchants out there were mutually suspicious of one another at the time. After

some months of efforts, Arnold succeeded in inducing the American mercantile population in Shanghai to organize an American Chamber of Commerce of China. Since then similar organizations have come into being in other important trade centers. Recently, another suggestion of the commercial attaché was carried out with the formation of the Association of American Chambers of Commerce in China.

Because of the concerted representation by all American commercial interests in China, it was possible to secure the backing necessary to put the China Trade Act on the pages of our statute books. Under this act, Americans may incorporate under federal charter for trade in China, and operate free of federal tax impositions. They are thus placed in a position of equality with British, French, and Japanese trading companies who receive similar concessions from their respective governments. The China Trade Act is administered by our Department of Commerce organization in China.

Through Arnold's efforts, various outlets for American products have been established. Cotton-mill machinery furnishes a conspicuous ex-

ample. Shortly after he assumed office, he discovered that certain influential Chinese were receptive to suggestions for the development of their cotton industry. He interested the Minister of Agriculture and Commerce in a programme to encourage production of the staple, and the manufacture of yarn and cloth in China. Prior to this time little organized effort had been made to expand these important industries. Through the recommendation of the commercial attaché, an American expert in cotton growing was sent out, and the University of Nanking, an American missionary college in the lower Yangtze Valley, was induced to interest itself in an active programme. This led to an expansion which has affected the social and economic life of the nation, and influenced our over-sea trade operations.

Up to the period of Arnold's initiative in this matter, the spindles and looms used in Chinese mills had been exclusively of British manufacture. He did not find it difficult to convince the Chinese capitalists that American cotton-mill machinery was particularly well adapted to their needs, but he did find it hard at the start to per-

suade the American manufacturers of this equipment that China was a market worthy of attention. After repeated pleas including many urgent cable requests, one of our leading makers of cotton-mill equipment sent a representative to China. Within two weeks he had orders for two complete cotton mills. Since then we have sold China a million spindles and approximately $40,000,000 worth of cotton-mill machinery.

Another piece of Arnold pioneering is represented by silk. Shortly after the outbreak of the World War, American silk manufacturers found themselves embarrassed through an increased demand for silk fabrics on one hand and curtailed sources of production of the raw material on the other. Japan held the whip hand. She was determined to encourage the manufacture within her confines rather than elsewhere. This meant that an American industry, which in course of fifty years had increased its consumption of the raw article from one million to fifty million pounds a year, would be obliged to seek new sources. A unique situation was revealed.

Although China gave silk to the world, and for many centuries safeguarded the secrets of the in-

dustry, America, by far the largest consumer, found herself unable to depend upon the source of it except for a comparatively small amount. The reason was that the Chinese silk industry had continued to produce a yarn suitable only to the needs of the thousands-of-years-old hand looms, and unadaptable to the needs of the high-speed machine looms of the scientifically organized United States. Thus the question became, "Will the Chinese pull themselves out of the rut and save America from a Japanese monopoly?"

Almost every one approached on the subject by the representative of the Silk Association of America said, "No." Arnold, however, replied, "Yes, but ——" The "but" was the important word in his answer, because he intimated that we would have to do the pulling. The Chinese needed that well-known helping hand, and it was up to Uncle Sam to hold it out.

The main job was to show the Chinese that their methods were antiquated, and to disclose American machine methods. It was one thing to put this over in choicest Chinese to Chinese trade organizations, guilds, colleges, and scholars who would understand it. It was quite another to

present the subject to a people, the vast majority of whom are unable to decipher the intricate Chinese characters, especially when you consider the difficulties met in the silk-producing sections where many different dialects are spoken. This made it well-nigh impossible to operate through an interpreter on a subject as technical as silk manufacture in the United States. Fully cognizant of all these conditions, Arnold said to the Silk Association of America:

"You must show the Chinese silk producers what you want in the only way that they can understand. To do this, you must work with the one medium which serves as universal language, and that is the motion picture film."

Accordingly, films were made and sent to South China. The first showing at the Y. M. C. A. building in Canton was what theatrical people call a riot. The auditorium was packed. The Chinese literally fought to get inside. The films had two appeals—one was human interest and the other was purely technical. After a week at Canton, the film was shown elsewhere in the silk areas, and the people got the message.

Within three years the reeling methods of

Canton, which had remained unchanged for over a thousand years, were revolutionized, and we were getting three times as much raw silk as formerly. Each succeeding twelve months has added to the exports until now China is becoming a real factor in the business. Moreover, the education is not all on the propaganda side. Through the sericultural work at the Canton Christian College and University of Nanking, disease-free eggs for propagation are now being produced.

Arnold's comment on this admirable piece of promotion is characteristic of the man. He said:

"The original 'show me' man came from China instead of from Missouri. When Chinese can be shown that it is to their advantage to change, they are far less conservative and far less deeply steeped in traditions of the past than most Westerners imagine. America's billion-dollar silk industry requires about $400,000,000 worth of raw material to keep its looms busy, and China is now well on the way to participate with Japan in furnishing this increasing consumption."

These instances represent what the foreign service does in countries comparatively new to

our extensive economic penetration. It is equally effective where our larger business contacts are much older. An interesting example is Germany where the work of re-establishing the relations severed by the war was under the direction of Charles E. Herring, Commercial Attaché at Berlin, who is now stationed at Tokio.

The operation of a government economic-reporting and trade-promotion office under the disorganized conditions that prevailed during currency inflation, was only one of many difficult tasks. Among other things, Germany imposed drastic import and export restrictions in order to build up her shattered commerce. Every conceivable obstacle was placed in the way of a Yankee trader, and these handicaps had to be removed. The investment of $200,000,000 of American capital in the form of loans to the German government, municipalities, and private concerns had to be investigated and safeguarded. In making personal investigations of conditions from Upper Silesia to the Ruhr, the attaché risked his life on more than one occasion. A further service was to the scores of American firms who wanted to establish themselves in Ger-

many, a procedure involving minute investigation of taxation and legislation. I have already given a hint of the actual dollar-and-cents service rendered. It could be expanded to much greater proportions.

In an episode, I can show the type of varied duty which an office like the one at Berlin is called upon to perform. One of the standard products for which American licenses to export into Germany were continually sought is a famous make of safety-razor blades. It is not only well known in Germany, but extensively imitated as well. The authorities have dealt severely with the practice, but the game is so profitable that new firms are continually trying their hand at it.

It developed that these blades are manufactured on contract and stamped at night with a counterfeit of the widely advertised trade-mark. This work is usually done in cellars which are closely guarded against police surveillance. Even the packing around the blades is counterfeited to the minutest mark. One subordinate in the Berlin Bureau has spent a great deal of his time during the last four years running down

these nefarious imitators of standard American products, and presenting the evidence against them to the German government. This sleuthing permits the importation of the genuine article.

A conspicuous example of the sort of assistance which representatives of the Department of Commerce can give to American foreign trade during times of economic crisis was the action taken during and following the extraordinary congestion of port facilities in Havana in 1920 and 1921. The intermediary was Chester Lloyd Jones, then acting commercial attaché at Havana, and now attaché at Paris.

The so-called dance of the millions which accompanied the rapid rise in the price of raw sugar to twenty-three cents a pound during the post-war boom resulted in heavy speculative buying of merchandise by those who felt confident that sugar prices would continue at a high level. Large orders were placed in the United States and elsewhere. Due to the fact that manufacturers could fill only a portion of the orders received during the boom, duplicate orders were often placed with a number of houses with the

expectation that they would be accepted only in part.

When the crash came, bringing down the price of raw sugar, many Cuban houses were overstocked, and an even larger number had outstanding orders for goods on the way, which obviously could not be disposed of on the paralyzed local market. Meanwhile, all the shipments piled up at Havana, until there was such an acute congestion that port facilities broke down, and the customs service became demoralized. Pilferage went on at such an alarming rate that the loss was enormous.

Jones and his associates practically took over control of the situation and made it possible for the American exporters to salvage a large amount of their merchandise which would otherwise have been dissipated in some way. The saving to insurance companies alone ran into millions.

Still a different kind of work performed by an attaché has been that of Dr. W. L. Schurz, commercial attaché at Rio de Janeiro. In addition to the usual extensive economic reporting and trade promotion, he headed the expedition

up the Amazon which made an exhaustive survey of the crude-rubber situation. This was real commercial exploration, full of hazard and adventure.

Illuminating as are these concrete illustrations, they merely scrape the surface of the world-wide operations of the field service of the Department of Commerce. The ambassadors of trade do not belie their name.

CHAPTER IV

THE HUMOR OF FOREIGN TRADE

THIS BRINGS us to the so-called regional organization of the Bureau of Foreign and Domestic Commerce, which supervises the informational work of the commercial attachés and trade commissioners. It is therefore the fountain head of the flood of commercial intelligence, which is as essential to export success as accurate reconnaissance is to the operation of an army in the field.

The sources are in three regional or geographical divisions to which the ambassadors of trade are attached. One deals with Europe; the second covers the Far East; and the third embraces all Latin America. Coordinating with these three world branches is the Foreign Service Division, which receives and distributes the endless flow of data collected and prepared by every field agent.

The geographical divisions are clearing houses for practical economic facts which influence the purchasing power and competitive ability of foreign nations. Thus the European Division has dealt for years with the reparations question in all its aspects, and kept American business informed on the progress of the Dawes Plan. More recently, it has covered German projects for the revaluation of old paper-mark obligations. In view of the interest of American investment bankers in European issues, it cooperates with the Finance and Investment Division in furnishing basic data governing capital placements in the various countries. It also makes extensive studies of living costs. If an American export house wants to send a salesman abroad, it can be informed on just what his expenses will be. Manufacturers apprehensive of European competition apply for material on Continental wage scales and labor conditions.

This division analyzes all state budgets, and publishes each year an authoritative survey of European government finance. From a purely statistical standpoint, it constantly follows trade figures in order to trace any new trends in com-

merce likely to influence our exports. As the work of the over-sea offices concentrates more and more on trade promotion, and since the European end contains many expert linguists, the division relays to the other branches an increasing amount of press material relating to all commodities. This is particularly true of Central European and Russian data, which requires expert interpretation to be of service to business specialists. Some idea of the scope of the European Division may be gained when I say that in a normal month it reviews 2500 reports and prepares about 500 independent letters and memoranda, together with an average of fifty articles for publication in one form or another.

The Far-Eastern division must not only keep abreast of trade developments and openings in China, Japan, Australia, India, and the Philippines, but must also follow the political situation. This applies especially to China, which is periodically in the throes of civil war, and where the material hazard of exports sometimes vies with the credit risk. Among other things, the division has gotten out the "Commercial Handbook of China" which was prepared by Julean

Photo Copyright by Harris & Ewing

DR. JULIUS KLEIN

Director of the Bureau of Foreign and Domestic Commerce

Arnold, commercial attaché at Peking. It has not only served as a model for similar departmental publications, but, let me repeat, is the accepted standard work on the subject.

Though both the European and the Far-Eastern Divisions are immensely important to our export interests, peculiar value attaches to the Latin-American branch. A considerable part of our over-sea-trade destiny is bound up with our neighbors to the south. Moreover, European interests, notably British, German, and Italian, are concentrating on a tremendous drive to supplant us in the markets that we have built up during the past three years. We now lead in every principal South-American country except Argentina, and we are running England hard for the premier place there. The next few years, therefore, will reveal the real competitive strength of American products in the southern republics.

The Latin-American Division has stood squarely behind the American exporter, and aided in his great expansion. In 1913 we sold Latin America automobiles valued at $4,652,000. In 1924 the total motor-car sales aggregated

$60,000,000. Our sale of motion pictures in that area has risen from $91,000 in 1913 to considerably more than $2,000,000 in 1925, with corresponding increases in the large invisible-trade returns to us in the shape of royalties. Where we sold eight locomotives to Central America, and twenty to Brazil during the first nine months of 1924, we sold twenty-one in Central America, and sixty-nine to Brazil during the corresponding period of 1925. The advance in sales of these and other commodities indicates that our progress in Latin America is being made more by the creation of new markets than by the diversion of previously existing markets to us at the expense of Europe. It is a concrete evidence of the results of the departmental trade-promotion work.

All this trade acceleration, which adds millions to our exports, grows out of the commercial intelligence to which I have referred, which is therefore the basis of a considerable part of our penetrative effort throughout the world. It means that the Commercial Intelligence Division, of which A. S. Hillyer is chief, stands between the prospective or actual exporter and his

foreign market. The American exporter, after having determined on his market, is primarily interested in two specific matters in the development of his over-sea trade. He wants to know, first, to whom and through whom he can sell at a profit; second, how much he can sell with safety. The Commercial Intelligence Division is equipped to give him this information.

It has compiled the "World Trade Directory" which can put the business man in immediate possession of information as to standing, reliability, and other data about prospects, whether they live in Shanghai, Bombay, Melbourne, Tokio, Constantinople, or Buenos Aires. The endless rows of card cabinets in the office at Washington are a treasure house of business information. They contain the names of nearly 500,000 hand-picked buyers in every country. When you consider that exactly 128 nations issue and demand commercial information, you may form some idea of the magnitude of the task of mobilizing world-trade opportunities.

Complete listings are made of importers and dealers in various commodities in each foreign country. A California exporter of dried fruits,

for example, who wants to sell in England, can be furnished with a mimeographed list showing the names, capitalization, past records, and general status of every direct importer of dried fruits in every trade center in that country, as well as those who are wholesale and retail distributors. Attached, also, is a record of sales agents, brokers, and commission merchants. This complete inventory of trade possibilities not only covers all major lines but extends to such highly specialized products as false teeth and artificial limbs. It would not be possible to supply a roster of shipbuilding plants in Switzerland, for they do not exist; but it is possible to obtain an accurate and up-to-date line on every commercial activity there.

These lists, which are technically referred to as trade lists, are revised constantly. Names of new firms are added each week. It is therefore always up to date. During the past twelve months nearly 1,000,000 lists were supplied to bureau clients in response to their requests.

The trade list is merely one detail of the larger commercial-intelligence service. There is also a service concerning individuals. An automobile

exporter in Detroit may desire concrete information about John Doe & Co. in Capetown, who deal in motor-cars and accessories, and who desire to become general agents for the Union of South Africa. All he needs to do is to write or wire to the Department of Commerce and he will receive by return mail a filled-out form from the Commercial Intelligence Division telling him every possible fact that he wants to know. It includes such items as the firm's imports, its annual sales, the extent of its personnel, the names of its principal officials, whether or not it has branch houses, its capital, financial references, the banks it uses, how its capital stock is controlled, and even its cable address and what telegraph code it employs.

Then, too, there is the confidential trade circular—a document containing information of special value to certain American business interests. It is mailed to a selected list from the Export Index with the understanding that it is to be used only for the benefit of American firms and individuals. These circulars are not given general publicity, because they frequently reveal the low-down or shady customers.

The Bureau of Foreign and Domestic Commerce does not wait to be stirred up from the outside. It initiates trade expansion. This sometimes takes the form of a so-called trade opportunity. The way of it is this:

Field men, from the Department of Commerce as well as consuls, are frequently approached by local merchants desiring to be placed in communication with American firms which can supply them with certain goods. In many cases, the official representative makes the overtures. If he is convinced that it is a genuine proposition with sales possibilities it is submitted as a trade opportunity on a form provided for that purpose. It includes all possible details concerning the language and currency to be used, kind of price quotations desired—that is, whether f.o.b. or c.i.f.—terms of payment, bank references, quantities, packing, shipping, and all other information that may tend to facilitate the transaction of business, and obviate delay in placing orders. These opportunities are then sent out broadcast in this country. The department plays no favorites.

The enormous increase in the number of requests for trade data of various kinds shows that

the American merchant is taking advantage of what the Department of Commerce is doing. In less than five years the number of daily requests has increased from 700 to more than 7000 a day. During the past fiscal year the foreign service alone rendered assistance to our business interests in considerably more than 2,000,000 cases, or four times as many as were reported three years ago.

The kind of commercial intelligence that I have just described is what might be called direct. Equally valuable is the indirect variety which exists in the thousands of pamphlets and books issued by the bureau. They include exhaustive reports on an endless variety of subjects, ranging from the British market for men's shirts and collars, and the internal value of the German mark, to Algerian markets for American specialties, and exports of eggs from China. Departmental literature shows the American exporter how to pack his goods, and route his salesmen. In fact, no detail that can make for the over-sea planting of an American product, from a safety razor to a locomotive, is overlooked.

How is all this information garnered? It is

only possible through continuous contacts with the field. In addition to the constant exchange of letters, reports, and special cables between the bureau and its representatives throughout the world, every foreign office makes regular cable reports. Each commercial attaché sends a weekly cable containing a bare outline of economic and trade developments in his district during that week. A monthly cable covering the local or national situation in detail, and including the more important trade and vital statistics, is required of all outside offices.

There is also a monthly commodity cable sent in by offices located in strategic centers of trade and production, like São Paula or Hamburg. These are usually in response to requests from chiefs of the Commodity Divisions, and serve specific needs of American industry. In order that the men everywhere may be kept currently informed on home trade and economic conditions, the bureau cables every foreign office every month a résumé of what has happened economically in the United States.

In times of acute national crisis, such as the peak of inflation in Germany, the collapse of the

franc in France, or a general strike in England, the attachés and commissioners send daily cables. This enables the Department to give the American exporters up-to-the-minute information. Sometimes the field men beat the newspapers on what is called spot news. When the potash agreement between Germany and France was signed at Paris, the Department of Commerce knew of it long before the press.

It would take more than a single chapter to enumerate even a few of the results of the trade promotion that I have described. As an illustration I will merely cite a few examples of what a single foreign office—Berlin—was able to accomplish in less than six months.

Through its efforts a Hamburg firm purchased $120,000 worth of electro-chemical equipment from the United States. It was the first plant of its kind in Germany to use our apparatus throughout. Another German manufacturing company bought $500,000 worth of general machinery and equipment. A Ruhr firm placed an order for 10,000 tons of petroleum carbon coke, while a concern in Upper Silesia bought a group of railway wrecking trains. A half-dozen

orders for soft coal tar pitch, benzol, and paraffin wax came from a house that had previously bought outside the United States. Three lumber companies acquired big shipments of American ply wood. Of special interest was the sale of service-station pumps for roadside gasoline filling stations. This is a new business in Germany, although an old one in America, and was the direct result of spade work by the Berlin office. Again you have an instance of pioneering through promotion.

This business of speeding up exports, or rather the vast quantity of information assembled, is not without its element of humor. An American manufacturer was recently surprised at repeated orders from China for men's highly colored garters. Correspondence indicated that the louder the colors, the greater the trade. Violent checks and plaids were preferred. The concern's Oriental section could not explain this sudden call for hectic hues. It developed that male students at Canton and elsewhere had adopted the habit of wearing garters on the outside of their trousers.

Other ingenious ways of wearing American articles are sometimes revealed. One of the field

agents, returning from Africa not long ago, reported that on the west coast our trousers were used as coats, the legs serving as sleeve. It is no uncommon sight in many sections to behold natives attired in trousers put on hind part before.

This reverse state, as it might be called, also applies to American wheelbarrows in the Orient. A Yankee gang boss, overseeing a construction job at Hankow, China, found that the workmen could not be induced to push a wheelbarrow. He was forced to compromise by placing handles at each end. The men then pulled the barrow instead of pushing it.

The difficulties encountered in introducing modern appliances into certain markets is well illustrated by the Chinese classic which exposes the Oriental state of mind. Two coolies were given a cart and told to move a piano across the street. Much to the surprise of the American who owned the instrument, and who gave the order, the coolies placed the piano on the cart in the conventional position, but instead of pulling it across the street, they picked up the cart and the piano and carried the double load up the stairs.

Even in primitive countries, labels, trademarks, and trade names play important parts in merchandising. In Santo Domingo, for instance, the natives wear fleece-lined underwear in spite of the tropical climate. It is due to the fact that the garments happen to be labelled "Health Underwear." When I made my trip through the Belgian Congo in 1920, I suffered constantly from the theft of woolen cholera belts which every white person wears around his abdomen. I invariably saw these stolen belts being worn as decorations outside the loin cloth or trousers of the thieves.

A new industry developed in Haiti in amusing fashion. Various American firms ship flour in sacks to the Black Republic. Some of these empty sacks, which are adorned with gayly stamped trade names, were picked up by natives and used as an only garment. Others became envious, with the result that empty sacks are now sent out and sold as clothes.

In certain countries where the tariff schedule has not been amplified to cover all articles, it often happens that products are placed under unusual classifications and are assessed at pro-

hibitive prices. Bonbons, for example, have been known to be placed under "perfumeries" in a country where candy is not classified. Apparently the customs inspector sniffed the product and made what in America we call a snap decision. Such cases keep the foreign agents of the Department of Commerce busy.

Trade Commissioners run across all sorts of unfair competition in foreign markets. The point may be illustrated by citing the practice of a garage owner in the Dutch East Indies. This person, well respected in his community, had in front of his garage a well-known American make of automatic free-air equipment for the use of passing motorists. The gauge on the air hose was so doctored that it registered only half the actual pressure going into the tire. As a result he did a flourishing business in tires and inner tubes.

An Australian protested recently against a shipment of turpentine which arrived in wooden barrels instead of in the accustomed iron drums. The buyer admitted in his claim that the oil was received in perfect condition, but stated that the larger part of his profits on the transaction de-

pended upon the resale of the iron drums, for which he had a steady outlet. The moral of this episode is that the carton or container may be more valuable to the customer than the contents.

With the explanation of the working of the foreign-service machine we have a view of the men who have brought about some of the results. Whether commercial attaché or trade commissioner, the life is crowded. These field agents are not only constantly on the job of digging up trade data and opportunities, but, like consuls, are beset with people and inquiries. The tourist exporter makes every conceivable kind of demand. If the attaché has a sense of humor, he can get a real kick out of his work, as this incident shows:

In the summer of 1925 two callers, one an American and the other a Britisher, applied on the same day to the American commercial attaché in London for aid in procuring funds for minor railway extensions. The British promoter wanted $5,000,000 from America, "because bankers in that country are so much more up to date." The American wanted the same sum, but in pounds sterling, "because British bankers show

so much more enterprise in such matters." Again, a newly fledged exporter told the same attaché that he had made a special trip to England to study packing methods, because the British shipments were so much less subject to pilferage. The attaché's sole reply consisted in handing the inquirer a British trade journal exhorting manufacturers to adopt American packing methods, as leakage of Yankee goods was so much less frequent than was the case with British shipments.

They get many queer inquiries at the foreign offices. One traveler with a big bunch of American dollar bills applied to the Vienna office to know how he could convert them into foreign currency. He was quite surprised to learn that the banks would accommodate him. Foreign exchange is worse than a cross-word puzzle. One exporter told a government agent that a French company had paid him in francs when they were only 17 and that he had held them until they were 26, showing a fine profit! The official explained that exchange is quoted in two ways, by the value of each franc and by the number to the dollar. It was not easy to con-

vince him that he was losing money so he held on until he could be sure of the facts. In the meantime the French government began to support the franc putting it up to 14, at which figure the novice got out all to the good.

During the close of the inflation period, the Berlin office received many letters from American investors who hoped to make a fortune out of purchases in paper currency. Typical of these was one from a man in Indiana saying that he was soon to send a check for quadrillions of marks, and asking the attaché to make arrangement for the safe investment of the proceeds. When the check arrived it was worth exactly two and a half cents.

Ignorance is not always on the American's side by any means. The police inspectors in a foreign city put an American in custody because he was suspected of handling fake stock, as the certificates through faulty penmanship stated that they were deposited in "E. S. Crow Manufacturers Trust Company." The American Trade Commissioner heard of it, and explained that the inspectors had misinterpreted "Depos-

ited in escrow, etc.," whereupon the American was released.

An amusing episode occurred in the Berlin office. A German firm manufacturing a certain bromine product, which was used in making tear gas during the war, submitted some samples of it to be forwarded to Washington. The bottles were rather fragile, and could easily have been broken, and the dangerous contents released. Ordinary shipment by post, express, or freight is prohibited, and it is against regulations to place such substances in diplomatic pouches.

The tear gas resposed in a corner of the office awaiting disposal, which came providentially. A twentieth century burglar using all modern methods including a taxi-cab, raided the office at six o'clock one morning when it had been opened for cleaning, but before the arrival of the staff. There was little of value in sight, but the intruder noticed the carefully packed case of chemicals which seemed to promise important contents. Case and thief disappeared. The results are not known to this day, but they must have been very interesting.

CHAPTER V

THE COMMODITY DIVISIONS

IN PRECEDING chapters the organization of the foreign service of the Department of Commerce was exposed together with the work of its ambassadors of trade who scour the world for the business data that is capitalized into profitable opportunity for the American producer and manufacturer. Much of the vast expansion in our exports was due to the commercial intelligence which they gleaned.

Our foreign trade is not reared on generalities. It is a commodity job built out of such stuff as machinery, locomotives, motor-cars, motion-picture films, lumber, agricultural implements, textiles—in fact everything that makes the wheels of commerce go round. Mass production and highly organized salesmanship have worked hand in hand for an intensive penetration of the markets of the universe.

Hence what might be called the commodity proposition is, in the end, the vital factor in the standardization of our export volume. Needless to say, these exports are now essential to our economic well-being, because they are the insurance against recurring cycles of domestic business depression. To quote Secretary Hoover: "No sensible business man wants boom or slump. He wants stability. Our working folk should dread a trade boom above all things, because it means an afterclap of unemployment and misery. Our farmers should resent a boom because they inevitably get the worst of the inflation which is bound to follow."

The so-called Commodity Divisions of the Department of Commerce go a long way toward achieving the stability to which Mr. Hoover refers. They not only represent the last word in scientific development of the over-sea commercial field, but act as adviser for the exporter as well. It is with this phase of departmental activity that the present chapter is concerned.

The Commodity Divisions are peculiarly a Hoover conception. As I have already pointed out, when he became Secretary of Commerce in

1921, we were in the depths of post-war deflation. Nearly 5,000,000 men were idle. Industrial and agricultural production was well-nigh paralyzed. It was important, therefore, that output of every kind be resumed, and in a big way. It was easy enough to put the worker back on his job. The task was to find an outlet for what he made. Home demand was sadly diminished because of a pinched pocketbook. Obviously, the one best bet was abroad.

In consequence Mr. Hoover reorganized the bureau so as to project our foreign trade on a concrete commodity basis. Instead of the old regional demarcation which dealt with our exports as a whole, he set up seventeen divisions, each dealing with a specific commodity, whether timber, textiles, foodstuffs, automobiles, paper, machinery, or chemicals. A division, therefore, became a self-contained unit which, for all practical purposes, represents a little corporation all its own, doing everything except actually selling goods and collecting bills. In some cases it even helps in the latter procedure.

The breadth of the vision that created these divisions was evident not only in the world-wide

scope of the organization, but in its personnel. Every major industry was requested to name its own man to head the division which dealt with its product. This meant that a trained textile man became chief of the Textile Division, and so on.

The Secretary of Commerce then asked the industries to appoint committees to act in an advisory capacity. Thus the Automotive Division has the close working cooperation of a committee chosen from the National Automobile Chamber of Commerce, the Automotive Manufacturers' Association, the Motor and Accessory Manufacturers' Association, the Motorcycle and Allied Trades Association, and the Automotive Equipment Association. In the same way, the Foodstuffs Division has the benefit of the advice and counsel of a committee selected from the National Canners' Association, the Institute of American Meat Packers, and the Interstate Cottonseed Crushers' Association.

Altogether there are sixty-three of these commodity committees. They summarize opinion in the industry, bring about concerted action without delay, and enable the Department promptly to transmit ideas for expansion. In

certain cases where the Department does not feel that it can assume responsibility for determining policy and procedure, the committee shares it.

After the great earthquake in Japan, a number of the committees joined in lining up various industries for the task of sending goods to the devastated areas. This enabled the American Red Cross to get favorable terms and quick delivery. Their relief expenditure in this instance aggregated $3,500,000, which represented a saving of $1,500,000 due to the service of the committees. Again, the cotton-goods committee improved and expanded the import classifications of cotton goods, increasing these classifications in number from three to fifteen, thereby permitting a closer analysis of imports.

A committee from the Corn Millers' Federation cooperated with the Foodstuffs Division in a six-month survey of Europe for the purpose of interesting European millers and bakers in the use of American corn. In conjunction with the Merchants' Association of New York, thirteen foreign-trade organizations, and ten large exporting concerns, the Tariff Division arranged for two conferences which discussed plans for a

treaty arrangement with Latin-American countries to facilitate the operation of our commercial travelers. One much-desired result will be the issuance of official certificates of identification to American salesmen going to Latin America. This will put the fly-by-night and hot-air gentry out of commission.

To fix the Commodity Divisions in the large departmental scheme, let me say that they comprise one of the four principal subsections of the Bureau of Foreign and Domestic Commerce. Heading this section is Thomas R. Taylor, a civil engineer by profession, who taught economics and commercial geography at the Wharton School in the University of Pennsylvania. After serving in the World War, he became a special traveling agent of the Department of Commerce, and subsequently chief of the Latin-American Division.

Summed up, the work of the Commodity Divisions is first, to explore the world for possibilities of American trade expansion; second, to build up profitable connections; third, to set in motion a continuous stream of business informa-

tion. This means that the primary objective is information.

It has already been shown how the commercial attachés and trade commissioners everywhere keep mail and cable data flowing into the Department. When these officials are located in strategic centers of trade, they are required to send a periodic commodity cable, which serves specific branches of American industry. With special products, like coffee and rubber, there is a weekly cable. Before being published or broadcasted, these reports are subjected to the scrutiny of experts in the various divisions to test accuracy, and determine value.

When the Bureau desires reports on the same subjects from a number of foreign countries, the request to the field agents is usually embodied in the form of a questionnaire which overlooks no detail of the matter involved. These questionnaires range in subject from the world market for shoe polish to part-payment contracts.

The Commodity-Divisions job would be incomplete, of course, without the maintenance of intimate contacts with domestic-trade conditions. It is vital to know what is going on at home in

order to give supervision to promotion work abroad. Obviously, when production cannot keep pace with American consumption, it is useless to encourage additional foreign demand. On the other hand, when industrial surpluses develop here, it is up to the Department of Commerce to find over-sea channels, and advise how they can best be utilized.

Each Commodity Division has registered a definite and significant dollars-and-cents achievement. Such an embarrassment of riches, both in method and result, is presented that it is difficult to know where to begin the appraisal of what they do.

Consider lumber. We are so accustomed to regard it as a prosaic product that we seldom realize its place in the larger romance of foreign trade. Due in a considerable degree to divisional acceleration, it is involved in activities that circle the globe. We provide the material for the tiny structures that house the Japanese—the Nipponese are by far the largest buyers of American timber—while our Douglas fir is supplanting teak for the decks of battleships, and is furnishing Egypt with her railroad ties. The

wine industries of France, Spain, and Algeria use American cooperage. Yankee hickory is the standard tool-handle wherever men work.

The Lumber Division of the Department of Commerce is the national headquarters for American lumber exporters, there being no association that covers the entire trade. Considering the number of clients helped, it is the largest lumber export service organization in the world.

Why must we export lumber? In the first place the United States possesses the largest variety of commercial woods to be found anywhere. Europe is restricted to a few important softwoods and half a dozen hardwoods. The tropical forests in Latin America, the Philippines, and the southeast Asiatic islands contain numerous species of useful hardwoods, but few are exploitable. Against these conditions abroad, we have a dozen commercial softwoods and as many hardwoods. The second reason is that our industry is scattered over a large area, the bulk of the lumber being produced on the Pacific coast and in the Southern states often several thousand miles from the chief consuming districts of the east. The mills located near tide

water find that certain foreign markets can be reached at cheaper freight rates than our large interior buying areas. Two-thirds of our total lumber production consists of low-grade and common lumber, and this percentage will steadily increase as our log dimensions become smaller.

This output cannot stand a high freight rate. A curtailment of the foreign outlet for cheap lumber would immediately be reflected in higher prices for high-grade stocks which can stand the domestic freight rates. Mill operators would have to make their profit on the upper grades. Since most of the output, as you have seen, is low grade, the foreign field is essential.

Our lumber export has been carried on since colonial days, but it did not reach a high state of volume or organization until the World War. Today there are approximately 1000 exporters of lumber, logs, cooperage, and ply wood. Their names are all on the departmental "Exporters' Index," and they receive the immense volume of information garnered by the Lumber Division.

Selling timber is not so easy as would appear at first glance. We have strong Russian, Siberian, Brazilian, and Scandinavian competition.

During the spring of 1925, for instance, the influence of Russian stocks on the Western European softwood lumber and cooperage market was serious, and we suffered from it. The sale of Parana pine from southern Brazil to the Argentine and Uruguay is also a factor that we must watch. In addition, there are no uniform methods of handling timber for all countries. Business practices established for centuries must be observed because each nation has its traditions and customs. Most foreign markets have reached a more advanced point of wood utilization than we in America, since lumber prices are higher abroad than at home.

A permanent export lumber business can therefore be developed only through established channels, and with a knowledge of the conditions that I have just described. The Lumber Division locates these channels, and keeps the exporter apprised of events. It sends special investigators into the field, and their reports become textbooks for logger and millman. It aids in establishing connections between American firms and foreign agents, and helps to combat propaganda circulated among foreign

dealers that our forest resources will soon be exhausted. No phase of its aid is more vital than the assistance it gives to reforestation projects.

The Lumber Division has done much more. I can best illustrate with doors, whose export prior to 1922 was practically negligible. England obtained most of her doors from Sweden. A comprehensive investigation of the British market was made by the division. When the findings were laid before our manufacturers, they got busy, with the result that we now dominate the field so far as the foreign product is concerned. American Douglas-fir doors, which are superior in quality to similar doors made abroad because they are more free from defects, are being largely used in the housing schemes subsidized by the British government. We have also entered the lumber business in most of the other European countries with the type of door that we sell in England.

A similar piece of pioneering has been achieved with the introduction of our short-length lumber abroad, which scarcely figured in our exports before the Lumber Division got on the job. On the Continent this type of timber is

employed for furniture and flooring blocks. Last year we exported $8,000,000 worth.

The Lumber Division was developed by Axel H. Oxholm, who expresses the type of temperament and experience that has been brought to the direction of all departmental activities. A Scandinavian by birth, he has lived lumber all his life. After selling timber in various European countries, he became lumber purchasing agent for the American Expeditionary Force in France. Following the armistice, he represented an American export corporation in Belgium until he became head of the Lumber Division.

Once the division was organized, he made an eighteen-month study of the timber trade of Holland, Belgium, France, and Switzerland. He has also made intensive surveys in timbering in Sweden and Finland. Because of his wide experience in investigating the utilization of lumber in this country and Europe, Oxholm was appointed director of the National Committee of Wood Utilization on December first last. This committee, of which Secretary Hoover is chairman, is composed largely of the presidents of the

various wood producing and consuming associations.

Of the same caliber is J. C. Nellis, who is acting chief when Oxholm is away on his many investigating trips. He is a graduate of the Forestry School of the University of Michigan, and was in charge of the National Emergency Bureau of the Wooden Box Industry during the war. The assistant chief, A. E. Boadle, had fifteen years' experience in the lumber-export trade in the South.

Although lumber serves to show how a Commodity Division functions, its scope and export are trivial alongside the achievement of the American automobile, whose field is the world. Here you have an expansion that is the marvel of our over-sea effort. In twelve years our exports have increased 610 per cent in unit—1925 showed an advance of exactly 60 per cent over the preceding twelve months—and 425 per cent in value. We now market more than 90 per cent of all the cars that figure in foreign commerce, and sell an almost equal proportion of tires. Behind all this far-flung effort, whether in the African wilds, the Argentine pampas, or the

Australian bush—for the jitney has penetrated the jungle—stands the Automotive Division, of which Irving H. Taylor is acting chief.

In connection with our vast automobile shipments everywhere, is a curious fact understood only perhaps by those whose jobs it is to wander around this earth. It lies in the matter of identity. Our wheat, cotton, petroleum, and other manufactured products are merged with similar products abroad. Even our manufactured commodities, such as industrial machinery, once installed, fail to remain conspicuously American. To a lesser degree, the same also applies to Yankee travelers who, on occasion, seek to conceal the hall-marks of their nativity.

Not so with the American motor vehicle which proclaims to the whole world through which it chugs its way, that it is the distinctive result of the engineering and mass production genius of this country. As such, it is our most representative export. Even in countries like Australia, where practically all motor bodies are produced locally, the chassis, the method of operation, and the general quality of the vehicle stamp it as indelibly American. It is not too much to say that

the motor-car has done more than anything else to impress Yankee inventive and productive power internationally.

Our motor industry owes no little of its success to its energetic sales-promotion methods. In the establishment of branch houses, assembling plants, and factories, and in intensive publicity campaigns using every kind of advertising, it matches the enterprise of our great oil companies. In view of these efforts the question naturally arises: What can the Automotive Division do for it? Many things, as you shall now see.

The development of the older foreign markets now so densely populated with American cars, trucks, and omnibuses is more or less familiar, and need not be rehearsed. It is the opening up of new countries that interests us, for there the Department of Commerce has aided in a real pathfinding campaign.

First, have a look at the domains where the imprint of the automobile tire is comparatively recent. Up and down the Gold Coast of West Africa, American cars and trucks are in great favor. British East Africa claims the greatest

per capita by class registration for cars, mostly ours, for there is one for each four white inhabitants. An enterprising transportation outfit has been using a fleet of Yankee cars to maintain a regular passenger and mail service over the age-old caravan route of the Syrian Desert from Beirut to Damascus and Bagdad. Recently, a number of heavy-type American buses de luxe were ordered for this service.

Another company, with headquarters in Teheran, Persia, operates its lines between Khanikin, on the border of Irak, which is connected with the outside world by rail, to Teheran, the route being about 450 miles in length. The interior of the Arabian Peninsula, which had seldom been crossed by a white man, and which is one of the least-known parts of the world, has now been penetrated by the American automobile. The natives make great use of this means of transportation during their annual pilgrimages to Mecca. Roy Chapman Andrews, the explorer, recently completed his second extended expedition, covering thousands of miles of the hitherto unexplored regions of the Gobi Mongolian Desert, bringing back to the civilized world relics

of the early age of man and beast. On this, as on his previous journey, all equipment was transported over the rough uncharted sandy stretches in cars and trucks made in Detroit. American cars have triumphed in an endurance run across Australia through the wild roadless bush country.

Only a few months ago the last stronghold in the world fell before the automobile. The isles of Bermuda, about the only remaining spot on the earth's surface where the use of motor-cars is prohibited by law, lowered the barriers long enough to take in two American trucks to be used for road-repair work.

The American motor-bus has followed closely in the wake of the flivver as a civilizing agency. Nor is its predominance confined to countries like Sweden, where 90 per cent of the 2500 buses come from our shores; or Chile, Norway, Colombia, and the Baltic states, where the American percentage is even higher. It is in the out-of-the-way spots that motor-bus transport has practically revolutionized social life.

A notable instance is the Philippine Archipelago, which is made up of thousands of small

islands, only three of which are provided with railroads, and these to a relatively small extent. Before the advent of the motor-bus, the residents of many small neighboring villages were almost strangers because communication was irregular and casual. Outside of Manila, the capital, there are no street-railway systems. Small communities lived in a world apart, almost self-sufficient. Their requirements were limited and simple, and were supplied to a great extent by the resources immediately at hand.

With the establishment of bus transportation, the outlook of many of these isolated regions greatly broadened. Travel has been made cheap and easy. The interchange of ideas and merchandise is alike facilitated. The slow, laborious work of a few American pioneers quickly has taken on the color of romance. In the Philippines there are about 300 motor-buses in service, practically all American makes.

The incidents involved in selling and shipping motor vehicles to the world markets are manifold. The magnitude of the problem is apparent in the fact that no set rule of procedure can be promulgated that will in all respects apply to the

exporting of cars to any two of the 105 or more present markets for our automotive products. Some of the details to be considered are the kind of payment for goods; methods of preparing for, and making shipments; tariffs; foreign-port facilities; varying national preferences relating to equipment such as drive, ignition, wheels, and tires; and so on. Most of these details combat the exporter only after he has secured his foreign-dealer organization, and orders commence to arrive.

It is part of the task of the Automotive Division to help the exporter over these hurdles. It also serves as a sort of finishing school for the men who go into the foreign field. Not long ago one of our largest automobile manufacturers sent nine men, who had been in training for posts abroad, to Washington to spend a week with the division. Although they were to have headquarters in only seven different countries, their operations will cover thirty-eight. Most of them were strange to the localities where they were assigned. Through the records of the division, they were enabled to get trade lists of every known reliable prospect, and all the necessary dope on the al-

most endless kinks in foreign laws relating to tariffs and transport.

Another kind of service is represented through the cooperation of the commercial attachés and trade commissioners who are located at forty-one strategic points. Here is an incident which shows how it works:

On February 21, 1924, Edward Feely, commercial attaché at Buenos Aires, informed the bureau by cable that the city had called for bids on motorized street-cleaning equipment. Two days later a special circular describing the nature of this opportunity was issued by the Automotive Division to leading American manufacturers of street-cleaning equipment. On March 26 another circular about this opportunity was sent out. On July 25 bids were opened at Buenos Aires, but the contract was not let. The commercial attaché at the Argentine capital kept in close touch with the matter, and was constantly in communication with the Automotive Division. On April 8, 1925, he cabled that a contract had been awarded to an American manufacturer for eighty trucks. Additional awards for apparatus

were made to other American concerns, making the total amount of the business $400,000.

Another case is that of an American truck company whose European traveling representative had tried in vain for a considerable time to introduce his make in Spain. After the salesman had returned to London, the Madrid office of the Bureau of Foreign and Domestic Commerce continued to seek an opening for the particular make of vehicle. Shortly thereafter our commercial attaché in Spain recalled the truck salesman and the day following his return an initial order was signed by the local telephone company for a fleet of trucks valued at about $50,000. This contract opened up the Spanish market. There is little doubt that the assistance rendered will result in business running into several hundreds of thousands of dollars a year for this one firm alone.

A large American concern, which up to this year had apparently been satisfied with domestic sales only, realized the possibilities of foreign trade, and explained to the Automotive Division its need for a foreign-dealer organization. After a few months this firm had a group of sales

agencies the world over. During ten months of 1925 a total of 400 cars was exported. As an example of the class of dealers secured directly through the efforts of the bureau's foreign offices is one in South America, who during the first nine months sold seventy-two cars representing a turnover of about $200,000. The Berlin office of the bureau assisted in placing the contract for the annual sale in Germany of from 500 to 1000 passenger cars of one American make, the aggregate value of which will be $1,500,000.

The Commodity Divisions, however, would function at low pressure without the district and cooperative offices. In seventeen cities the bureau maintains these branches, each of which is a miniature of Washington. They establish the bureau's contact with business throughout the United States. Indeed, the New York office is a small bureau in itself. Each one of the district offices has copies of all bureau documents and reports, and they distribute trade opportunity information reserved for those *bona fide* American firms listed in the "Exporters' Index." This all makes for very intimate coordination between the bureau and business.

The business man finds the bureau in his own home town. In fact, it is part of the community. It is often necessary to write to Washington for information on world markets, but more than likely the information will be found right at the manufacturer's elbow. He has only to pick up the telephone to get it. If there is no district office of the bureau—and they are maintained at all the strategic trade centers of the United States—then there is probably a cooperative office in the local Chamber of Commerce. There are thirty-six of these cooperative offices, and they perform the same functions as a district office except on a less extensive scale. The country is covered for commerce.

These offices are in reality commerce service stations. They relay foreign trade facts from the commercial attaché to the manufacturer, and being the immediate contact point with the trade, constitute the sales end of the bureau's organization. There is a continuous pipe line of information from abroad, through Washington, and out into every business district in the country. The pipe line works both ways. It draws into Washington a constant stream of inquiries from

local manufacturers. These demands for service keep experts digging constantly for new facts, and frequently mean written or cabled inquiries to foreign offices.

There is an amazing variety of information in the district and cooperative offices. It includes up-to-the-minute reports on economic conditions in out-of-the-way parts of the world, and names of importers and exporters abroad together with sales reports which afford an accurate idea of a foreign merchant's ability to market American products. The offices will also aid in the purchase abroad of noncompetitive raw materials for American factories. The district office managers are men who have had long experience overseas. They know what data are available and what are not. There is no waste of time in attempting to answer unanswerable inquiries, but it is remarkable how many unique problems are put up to these offices with successful results.

Perhaps it is a New England shoe manufacturer who rings up the Boston district office. He wants to know the average measurement of a man's foot in the Latin-American countries. This is scarcely information that one would ex-

pect readily available, yet he is furnished almost immediately with the sizes and widths usually sent Latin-American shoe dealers in nine countries. Of course, the district offices are frequently stumped, and in that case they have the Washington staff of commodity experts to fall back upon. If the information is not in Washington, it can be obtained from the field. No request is ignored.

There was a time when the exporter in need of foreign trade information was forced to circularize the whole list of consuls, diplomats, and commercial attachés abroad. He waited months for replies from outlying offices. The need for that no longer exists. Most of the information is right at his doorstep. He has but to reach for it. The whole foreign trade service, however, is presented in tabloid form in the district and cooperative offices. It requires only intensification to bring into play the distant stations, where Commerce cohorts watch the interests of the man at home.

CHAPTER VI

ADVENTURES IN EXPORTS

AS WITH motor-cars, so with American movies. Like the automobile, the farm plow, and the kerosene-oil can, the motion picture is more than a mere export product. It is a real trade envoy—an active salesman for other lines of goods that carries within itself social and political possibilities as well.

The film is quite distinct from all other American export commodities, because it is hardly ever sold outright. It is sent to foreign fields, earns revenue for its owner, and then in most cases comes back for further service. This is not true of a piece of machinery, whose export sale completes its particular usefulness to the manufacturer with the close of the transaction.

For some years we have been quietly annexing the motion-picture trade of the world against limited German, British, and Italian competi-

tion, until exactly 83 per cent of the films shown everywhere bear the Made-in-U.S.A. label. This state of affairs is not only a source of profit to our film men, enabling them to corner talent and spread themselves on elaborate productions, but is big with economic significance as well. Among other things, the Mexican now spends four times more money on American movies than on matadors, which means that bullfights have yielded first place as a popular diversion to the cinema theaters. But the thing goes deeper. The Latin-American señor admires the American automobiles, office equipment, and the cut of the hero's clothes, as seen in American screen plays. Likewise, the señora is captivated by the gowns of the heroine and the dining- and bedroom suites. This admiration is often the prelude to the purchase of the article thus seen. It was soon recognized that trade follows the film.

Along with this came the further discovery that American movies reflected the social and political welfare of our masses, which sometimes raised rebellious thoughts in the minds of foreign peoples less favored. This development, plus the selling value of the film, aided and abetted

by the alien producers who cannot compete with the American industry, has led European governments to limit the importation of foreign films. In Germany, for example, where production is larger than anywhere outside of America, a picture house must show one German-made film for every alien one presented. England is trying hard to combat what they call the American-movie invasion.

Just what any serious curtailment of our films abroad means may be gathered when I say that the American producer depends upon the oversea field for nearly 30 per cent of his entire revenue, or about $90,000,000. Naturally, he has set about to counteract the restrictive tendencies. Here is where the Department of Commerce comes upon the scene. The motion-picture section in the Commodity Divisions maintains the closest coöperation with the film industry on all matters relating to foreign trade. Through the commercial attachés and trade commissioners, it keeps in touch with the branch managers of American producers at all the danger spots.

With the aid of the State Department, formal protests are launched via embassies and legations

against discrimination. In the same way, film piracy is also curbed. It is easy to steal a motion-picture print, and any pair of moderately sharp scissors will eliminate the trade-mark. One of the engaging pursuits of Department of Commerce agents abroad is to run down the exhibition of stolen films in out-of-the-way districts. The owner of a picture house far up in Anatolia was recently caught redhanded with a film pilfered from the Constantinople branch of an American film firm.

In many other ways the motion-picture section serves the trade. It keeps on hand the latest reports on the state of each foreign market for American movies; how many pictures each district can absorb; what kinds of films carry the widest appeal; how they are distributed; the number of theaters, with prices, seating capacity, and performances each week; new theater construction; analyses of censorship laws; and the extent and nature of competition, tariffs, and taxes.

Turn to textiles, and you find that cotton and its accessories are still king. Raw cotton is by far the most important product exported from

the United States, and combined with its manufactures and other textiles, accounts for more than one-quarter of all the merchandise that leaves these shores. The gradual rehabilitation of the world's cotton industries is reflected in the increased shipments of the staple from America. They totaled 8,000,000,000 bales in the last fiscal year, and approximated the pre-war average.

Not only are we the greatest producers of the raw material, but we lead as a cotton-manufacturing nation. Although our spindles are outnumbered by those of Great Britain by 50 per cent, we use more than 28 per cent of the world's crop, against 14 per cent absorbed in John Bull's mills. Here you have another tribute to the superior machinery and automatic looms which make our mass-production methods possible, primarily in the coarser fabrics.

Though our raw cotton is practically self-selling, the flow must be guided. The task with textile products is much harder. We must expand old markets, and open up new ones. This far-reaching work has been galvanized by the Textile Division of which Edward T. Pickard, a trained

textile man with long experience in Manchester, England, is chief.

As in the case of all the other divisions, the service is two-fold, since it is both informational and tangible. By this time you need not be told that accurate data is the mainspring of the whole foreign-trade effort. It is peculiarly essential to textiles for many reasons, one being the dependence of countries upon each other.

American cotton is consumed mainly in Great Britain, continental Europe, and Japan, the latter using it in one-third of its total consumption. Great Britain, some continental countries, and Japan export their cotton-goods fabric in turn to India, China, the Dutch East Indies, and the Near East, which are also our selling fields. It is important, therefore, that the American exporter know what is going on there. A poor cotton crop in China, or a decline in the silk output in Japan curtails the purchasing power in these countries; while good harvests in India mean enhanced buying by its 300,000,000 people. The high or low purchasing power, as reflected in the purchase of cotton goods, has the ultimate effect upon the demand for raw cotton. The De-

partment of Commerce keeps the cotton man fully acquainted with all these conditions.

The same is true of silk. After the earthquake in Japan, the raw-silk market fluctuated wildly due to the uncertainty of news about losses. The Silk Association of the United States asked the Department of Commerce to make an estimate of the amount of silk destroyed. Through its agents on the spot, it was enabled within forty-eight hours to make an accurate report. The prompt dissemination of this news put a stop to speculation.

The tangible or specific service end of the division not only keeps its eyes open for trade opportunities, but creates them. If an American manufacturer desires to export his goods, but does not know how to go about it, he is shown the ropes. Not long ago a prominent New England textile merchant wanted to enter his products in the Near East. The division sent samples and full particulars to its representative in that territory. After showing them around, and checking up the opinions gained with his own experience, he sent Washington a full report, which suggested three agents qualified to represent the

American concern. One of these men was chosen. Within a week after he received a full line of samples, orders amounting to $25,000, and covered by confirmed letters of credit were cabled to the American house. In other instances the division solicits samples on its own and sends them out.

A unique illustration of how the division helps the American business man, came when the tension over German reparations was most acute. A New York exporter, who had cotton stored in a German warehouse, sold a French firm 23,000 bales. The bill came to $450,900. When he sought to transfer this shipment from Germany to France, the French demanded the 26 per cent reparations-recovery tax which had been applied to imports from the Reich. Our commercial attaché at Paris was appealed to, and through his intervention the entire consignment was allowed to enter France without paying the tax. It meant a saving of more than $100,000 to the American firm.

A different kind of aid is indicated in this incident, which deals with the manufacture of the new fiber introduced into the textile world dur-

ing the past few years, which is commonly known as artificial silk. It had so many different trade names that the producers and consumers, who include practically all the textile mills of the country, got together with the wholesalers and retailers of the finished products and agreed upon the name "rayon."

A New York firm which had been importing a specialized brand of rayon yarn decided to build its own mill in the United States. Since all available information on the subject is in the files of the Textile Division, the house sent a representative to Washington to get the facts. Through cooperation with other branches of the Government, and trade contracts, the division was able to obtain analyses of the available water in the localities under consideration, labor conditions, building costs, including index numbers for the United States and European countries, transportation rates, and legal technicalities involved in bringing foreign chemists into the United States. The firm is now building a $3,000,000 plant.

One of the most significant developments in our foreign trade is in connection with the in-

creased exports of machinery of all kinds. It is impossible, for instance, to manufacture automobiles in any country on a large commercial basis without using American machine tools. Despite this fact, our over-sea operations suffered for a long time because sufficient attention had not been given to the export problem. Everybody recognized the value of Yankee machinery, but constructive salesmanship was lacking abroad. The Machinery Division was created to assist in overcoming this deficiency.

Before the war Germany furnished about 45 per cent of all the machinery that entered into international trade. England came second, with 21 per cent; while we were third, with 18 per cent. Today our percentage is nearly 30, which means that we have overtaken and surpassed England in many markets, particularly in Latin America. Germany is still first.

The organization of the Machinery Division is so comprehensive that it can aid an American manufacturer no matter where or what he wants to sell. Our machinery makers now export, on an average, about 20 per cent of their production. Though this is small alongside the 80 per cent

frequently shipped out by some Europeans, the 20 per cent often represents the difference between profit and loss at the end of the year.

Thanks to the stimulation of the Machinery Division, our manufacturers have learned that their exports represent a great deal more than just so many tons of iron and steel. Whether it is a harvester, a dynamo, or a printing press, export, in its larger conception, is an uplifting agency, and every American machine exported becomes a mechanical missionary for the United States.

One reason why American machinery manufacturers have had such intelligent cooperation from the Department of Commerce, is that the head of the Machinery Division, Walter H. Rastall, has sold machinery all over the world. His assistant, William Althoff, was long a dealer in Chile and Argentina. Our notable advance in machinery sales in the leading South-American countries was partially instigated by his experienced direction.

With two activities I can show briefly how the Machinery Division does its job. Among other things, we ship a great many steam boilers

abroad. Like American states and cities, each foreign country has laws governing their construction and operation. The division has made a collection of the boiler laws of the entire world, and is therefore able to tell the exporter how to conform to all local statutes.

The Machinery Division regularly publishes *Construction News,* in which the attention of the entire American business community is called to new work abroad, embracing everything from the construction of a new hotel in Winnipeg to the installation of an irrigation project in India, or the building of a bridge in Australia. It is not possible to measure the dollars-and-cents return from publicity work of this kind, but these items make it possible for our manufacturers to advertise their products all the way from foundation bolts for the steel structure, to paint for the finished building, and sheets and towels needed for the hotel bedrooms.

Our world advance in heavy machinery is matched by the expansion in electrical goods. Before the World War, the bulk of the international trade was held by Germany, which led, with Great Britain second, while we were a poor

third. The Teuton was particularly strong in South America, dominating the Argentine and other markets.

Beginning in 1914, American electrical manufacturers began to realize that there was something to be done outside the United States. Where formerly only the larger and a few of the smaller concerns were aggressive in seeking foreign markets, each succeeding year from the outbreak of hostilities has witnessed an increase in our representation abroad. Instead of being a bad third in electrical goods, we lead in many countries, having secured more than 30 per cent of all the business. In Chile we have wrested first place from the Germans, and in the Argentine we have advanced to a good second. In 1913 electrical exports from this country were a little less than $27,000,000, while last year they touched $90,000,000, not counting the increasing volume of invisible exports in electrical goods incorporated in such manufactured products as automobiles and machine tools.

One of the factors responsible for this increase is the trained direction of the Electrical Equipment Division. The chief, R. A. Lundquist, is

an electrical engineer. As Department of Commerce agent, as far back as 1916 he began to scour the world in search of information that would help the American manufacturer. Upon the organization of the Commodity Division, in 1921, he was called back from the Far East to head it.

The division not only has compiled a mass of basic information, such as details of the character of the electric service available in practically every city of importance in the world, the extent of the electrical development in each foreign market, the water-power resources of different countries, the character of competitive products encountered abroad, and other such data; but it watches and anticipates new projects and new developments. If it is proposed to electrify a railroad in Brazil, to develop a power site in Ceylon, to erect a new broadcasting station in Spain or build a transmission line in Australia, the Electrical Equipment Division promptly advises manufacturers of the fact, and arranges for the necessary information whereby they may bid on the work to be done or the material to be furnished.

No phase of divisional aid has been more impressive than the effort to develop the radio business. In 1921 our international trade in amateur radio equipment was practically nonexistent. In 1925 our radio exports, largely broadcast-receiving apparatus, passed the $9,000,000 mark. With the possible exception of the automobile, no industry has had such a phenomenal development as radio.

During the years of this extraordinary growth, the Electrical Equipment Division has followed radio events so closely that it is prepared to assist the manufacturer regardless of the extent to which the commerce may grow. A survey was made, and is kept up to date, which gives our manufacturers a list of all the broadcasting stations outside of this country, with their power, wave length, and call letter. Reports have been secured from time to time, as conditions demanded, from every nation that has shown the slightest interest in radio. Special circulars were issued on each of these, indicating the extent of the use of radio in the country, the regulations imposed by the government, the license

fee, if any, and the opportunities for expanding the sale of American equipment.

Any estimate of what American machinery of any kind is doing in the world markets would be incomplete without at least a passing reference to agricultural implements. Our implements are not only pre-eminent and used everywhere, but are extensively imitated even to the painting scheme. One of the tasks, therefore, of the Agricultural Implements Division, is to run down these reproductions.

Color has become an important consideration with the untutored purchaser, as this story shows. A few years ago a Turkish farmer bought an American thresher that was painted a vivid red. When he needed a new one he decided to get another of the same make. He was shown a Yankee machine manufactured in the same factory as was his first, but it happened to be painted a most subdued hue. No argument nor persuasion could make him buy it. He insisted that it was not the same because the color was different.

The more you analyze the work of the Commodity Divisions, the more you realize that, while all are engaged in the same kind of promotive

effort, each is invested with some distinct significance. The Rubber Division, for example, has not only helped to increase the number of classes of rubber exports from fourteen to twenty-nine, and prepared loose-leaf manuals of basic facts about international needs, especially for tires, but it has also cooperated in a matter of vital concern to every American. This is the attempt to counteract extortionate prices for crude rubber. We are the principal victims because we use about 70 per cent of all the rubber produced.

Long before John Bull manipulated his corner on the crude article, and sent the price above the dollar mark, which is more than three times the rate agreed on as fair a few years ago, the Department of Commerce realized that the world was apt to find itself with an insufficient supply of raw material due to curtailment of planting on the one hand, and increased consumption on the other. In consequence, four investigations of new sources of supply, as well as older ones that lay fallow, were undertaken. The regions investigated were British Malaya, the Dutch East Indies, Ceylon, British India, the countries bordering on the Caribbean Sea, the Philippines,

and the Amazon area. As a result of these surveys one American company has begun extensive operations in Africa, while other concerns already engaged in rubber growing in the East and elsewhere are increasing their acreages. This, however, is a later story.

Until we are anything like factors in plantation production, the Rubber Division has suggested three steps—saving rubber through more careful and complete use of finished goods, greater production and use of substitutes, particularly reclaimed rubber, and stimulation of the production of wild rubber in the Amazon Valley and Africa. A nation-wide campaign to get motorists to save rubber has been started by rubber and automotive-trade bodies. Facilities for the production of reclaimed rubber have expanded, and manufacturers are using every pound the reclaimers can furnish.

Although few people realize it, money as an export commodity has become a vital agency in our international business relationships. Hence the Finance and Investment Division, sponsored by Grosvenor M. Jones, who had years of prac-

tical banking experience in South America, has an important place in the Department fabric.

The existence of this division in the Department of Commerce is a recognition of a new state of affairs in our foreign trade. Now that we have become the world's greatest investing nation, the close relationship between foreign loans and investments and merchandise exports should be more clearly perceived by our citizenry. The dictum that over-sea trade follows investment is becoming applicable in an increasing degree. There is something more than coincidence between a $1,000,000,000 foreign-trade surplus in 1924 and the investment of practically an equal amount of American capital in foreign securities and enterprises during the same period.

Since 1914 our over-sea investments, exclusive of war debts, have increased from $2,000,000,000 to $10,000,000,000. These investments represent savings of the American people, and additions to their wealth; and they supply future increase in national income in the form of interest and dividends.

There is scarcely an important country in which American capital has not been invested,

and few have failed to launch dollar loans for their central, state or municipal governments, or for their railroads, public-utility corporations, farm-mortgage banks, and industrial corporations. This means activity for exports, whether power plants or railway material, because we have found that the proceeds of loans are generally employed in the purchase of our goods. In this latter procedure the Finance Division is peculiarly helpful. It also aids in making our foreign loans safe for democracy.

Chasing camels across the Sahara, and knocking out their molars is not an easy task; but that is what one American firm asked the Specialties Division to do in order that they might get a supply of camel's teeth for use as watch charms for a certain secret organization in the United States. This request is typical of hundreds that reach the division every year. Obviously the man at the head of it must have a sense of humor or throw up his hands in despair, more especially since his field includes everything from needles, corks, and snap fasteners, to hair-curlers, peanut-roasters, and undertakers' supplies. With specialties, we not only reach the final commodity

exhibit, but open up a rich vein of human interest as well.

The files of the Specialties Division record many picturesque incidents. Some time ago the representative of a large American adding-machine company had considerable difficulty in selling his goods in China, because the merchants relied upon the old-time abacus, and he could not convince them of the efficiency and time-saving features of the mechanical adder. He therefore challenged the best abacus operator he could find to a contest, and decisively defeated him. This test largely solved his problem, because it broke down much of the sales resistance he had formerly encountered.

Prejudice is not the only obstacle to sales success. An American phonograph manufacturer was puzzled for a long time over his failure to sell cabinet phonographs to the Japanese. Upon investigation he found that the Japanese preferred to sit upon the floor to listen to the music, and that they wanted a small machine built low enough so that they could operate it from this position.

A factor affecting the sale of American pianos

in some Oriental countries, especially Japan, is the fact that in many cases the houses are not constructed to accommodate an instrument of this size. The rooms are tiny, and the doors and windows so small that they do not permit a piano to be moved in. One Japanese customer, bent upon having a piano in his house, had practically all of one wall removed, got the instrument in, and then built up the wall again.

In China where musical education has not by any means reached its highest peak, it has been rather difficult for us to develop a market for certain types of musical instruments, particularly pianos. The principal handicap is, of course, the low purchasing power of the population. On the other hand, many unusual sales have resulted because of the inherent Chinese desire for "face," which is pride.

One wealthy "comprador," the native liaison with the local market employed in all foreign houses, bought four pianos, much to the surprise of the agent. An American who called on him at his residence was dumfounded to find that he had placed a piano in each corner of his living room. Upon being asked who played the pianos,

he informed the visitor that no one did, and that no one was expected to. They had been acquired for purely decorative purposes.

In connection with the increasing sale of phonographs and other musical instruments and supplies oversea, is the fact little appreciated by the great mass of our people that American jazz has been carried to the ends of the earth. I have heard our ragtime emerge from a squeaky record in the heart of the Belgian Congo, while naked savages who had eaten their own brothers a few years before grinned with delight. A request for a record in Egypt or India will invariably bring from the dealer the reply, "Yes, we have the latest American jazz." Like the motor-car and the radio, the Yankee saxophone has become a leveler of rank and caste. Behind its din is the larger value that in selling instruments and paraphernalia we are selling American music as well.

The average American who goes abroad for the first time is amazed to find soda-water fountains in England and on the continent. Nor is this entirely due to the thirst of the American Expeditionary Force for ice-cream sodas. We

have overcome one of the strongest of European prejudices, which is that against cold drinks. For years ice water and the Yankee were almost synonymous terms. Now Europeans, despite the general use of tea and the cheapness of alcoholic beverages, chiefly wine and beer, are turning to our soda, especially when it is concocted by a Yankee artist.

One reason for the foreign prejudice against the soda fountain, after its installation, has been the inefficiency of the operator. If some of our up-to-date soda-water clerks could be placed behind all the American soda fountains oversea, there would be a bigger appreciation of what is served. That this fact is being recognized is shown by a recent inquiry to the Specialties Division from a proprietor in Latin America requesting that he be put in touch with some soda-fountain experts willing to come down and jerk sodas for his customers.

Two American specialties—the cash register and the sewing machine—have exerted a world-wide moral as well as mechanical influence. Even in China, where the so-called "schroffs," who, under bond, usually take over the cashier

and bookkeeping end of a business, we have installed cash registers and other American time- and labor-saving devices.

The introduction of sewing machines in backward countries offered a real difficulty, but intelligent sales effort has resulted in the development of many profitable markets which heretofore seemed to be almost hopeless. An American sewing machine company has been conducting what might be termed sewing schools in certain sections of the Far East, where native women are taught to do fancy embroidery as well as ordinary sewing. The idea has been to have every native housewife learn how to lighten her sewing and mending duties to the extent that the purchase of a machine is inevitable.

The initial cost of a machine was always a barrier, but the development of a time-payment system has largely solved it. In the Somaliland Protectorate and other similar markets, garments ordinarily in use required little or no sewing. With the advent of the sewing machine many have adopted shirts, coats, and trousers, because of the relatively small cost of having them made.

There still are many Americans who believe

that most of our toys come from Germany. The truth is that, from the standpoint of value, approximately 90 per cent of the toys sold in the United States in 1925 were American made. Our toy manufacturers have increased their production exactly 900 per cent. Where our toy imports from Germany once equalled our whole present-day output, they are now a mere 5 per cent. Furthermore, we are selling more toys in foreign markets than Germany is disposing of over here.

The almost endless number of products handled by the Specialties Division leads to a kindred variety of perplexities. A sample problem developed when a hair-curler manufacturer wrote, expressing a desire to sell his product, on the same day that the maker of a hair-straightening preparation asked for similar assistance. Obviously, both could scarcely sell in the same market. It did not take long, however, to discover that the market for the anti-curl preparation was not in Scandinavia, because Nordic hair is usually long and straight. The manufacturer was soon put in touch with prospective customers in South Africa, where the frizz is the natural thing.

The hair-curler matter required a much more detailed survey, because it was found that the coiffure in many countries, like Japan, does not permit curling, and the practice is decidedly unpopular. Where this obstacle was not encountered, it was discovered that the style of hair dressing would have to be changed before curlers could be sold. Eventually a market was located in the Balkans.

This experience indicates that one divisional function is to tell the exporter what not to offer in certain markets. Another concrete illustration is coffins. American manufacturers of undertakers' supplies, especially caskets, have found that religious and other customs in many lands practically prohibit the sale of their products. In Japan the Shintoists bury their dead in a sitting posture and the caskets are square or tub shaped. Log coffins are used in certain parts of China. Elsewhere, laws exist making it compulsory that bodies be destroyed after two years' burial, which precludes any sale of expensive receptacles. Persian dead are merely lowered into hastily dug holes. By being forewarned of these and similar conditions, much

time and money are saved, and effort may be concentrated upon regions where our coffins may be used.

I know of no better way of concluding this chapter than to present the point of view of Dr. Julius Klein. As Director of the Bureau of Foreign and Domestic Commerce, he is Secretary Hoover's chief of staff and the head and front of the commercial intelligence that means so much to our manufacturers. Like all his associates, he knows his job from field experience, for he has made economic surveys all over the world, was chief of the Latin-American Division, and commercial attaché at Buenos Aires before he was made director. When I asked him to explain the significance of our export expansion, he said:

"Our export situation has undergone an evolution during the past two decades. Before the war, our over-sea selling was confined to two groups of commodities. One was composed of self-selling staples like wheat, cotton, and copper. The other consisted of highly specialized patent contrivances such as sewing machines, typewriters, and cash registers. Today over 62

per cent of our export shipments are partly manufactured goods, as against about half that proportion a generation ago.

"This involves an important change in our entire export strategy, for it means more intensive competition, more carefully developed sales campaigns, and widespread educational effort on the part of the manufacturer and producer. Export has now become a work of experts backed up by accurate government trade intelligence. The average American merchant or manufacturer has had no accumulation of firm or family experience with such intricate problems as foreign-market conditions, commercial laws, and banking practices. To meet his requirements, the fact-finding services of the bureau have been expanded until they comprise some forty-five offices in this country, and a corps of experts in Washington, to direct the field work on the one hand and the distributive agencies in the United States on the other.

"The telephone rang in one of our district offices not long ago. The call came from a small firm making an initial shipment of food products to Iceland. Some controversy had arisen over

the methods of payment, and the exporter was anxious to get immediate advice as to what terms he should insist upon before the shipment was cleared. In exactly twenty-five minutes he was given the full story on credit conditions in Iceland, based upon a cable that had just come in from the American commercial attaché covering that particular trade, and other factors upon which the merchant was able to make an immediate decision.

"Ordinarily, modesty is not considered an outstanding American virtue; but there can be no doubt that up to within a few years ago any mention of our effort in foreign trade was accompanied with much dubious wagging of heads and hopeless shrugging of shoulders as to our miscellaneous and general inferiority. Moreover, we were prone to confess incompetency as to packing methods, linguistic ability, and credits.

"As a matter of fact, much of this self-deprecation is now traceable to the shrewd propaganda of European rivals through their agencies in our midst. It is gratifying to note that even the smaller American manufacturers, merchants, and the most inexperienced cooperative societies are

now quite ready to attack problems in over-sea selling which would have been regarded as most forbidding obstacles a decade ago.

"The economic world has been remade in the past ten years, and this transformation gives us a tremendous advantage over our European rivals. Our very youth and immaturity give us a mental elasticity, a readiness to meet these new conditions, and to cope with new situations. We are not burdened with the vast accumulations of old traditions, nor held back by the drag of worn-out antiquated trade practices. The new industries which we brought into existence in the remote lands of Latin America and the Far East as the result of war-time restrictions on shipping, have stimulated a whole series of new demands for supplies and equipment. These industries are looking to the newer engineering and industrial practices of the United States for their leadership, rather than to the older, less advanced industrial standards and methods of the Old World.

"In the general outlook for our foreign trade, there has been far too much alarm as to the possibilities of reviving competition in consequence

of the recovery of Europe. As a matter of fact, the menace of this bugaboo of competition has been grossly exaggerated. It is absurd, for example, to assume that the markets which we have dominated in Latin America are about to be won back by returning Europeans on the theory that our gains amounted to thefts during the war. A careful statistical analysis of the situation in any one of the more highly competitive markets brings out immediately the striking fact that the great bulk of our gains was in commodities like cheap automobiles, motion-picture films, and office equipment, which neither Europeans nor ourselves had sold before the war.

"The Locarno programme will undoubtedly make substantial contributions to European economic recovery. Instead of carrying a serious competitive threat to us, it will materially stimulate the demand for Latin-American and Far-Eastern raw materials in Europe, and consequently improve the buying power of those markets. This means, in turn, increased purchases from us.

"Finally, it is well to note that much of the talk about trade conquest and economic he-

gemony is nothing but an unconscious survival of the terminology of the war. It is far from accurate in its application to business operations in these more normal times. There is no such thing as trade conquest. All gains from the world's markets must be made on the basis of continuing service, if such gains are to be held permanently. The fears which are maintained in some Latin-American markets, for example, as to the possible dangers of economic domination due to commercial inroads by the United States, are without foundation. On the contrary, any such rivalry between American and European merchants is really a graceful compliment to the value which they place upon the commercial favors of the great Latin-American commonwealths. It puts the latter in the strongest possible position as arbiters between those who are anxious to serve them."

CHAPTER VII

TRADE SCOUTING

THE CHIEF aim of a commercial attaché is to help sell American goods abroad. This is a large order, and takes up every minute of a busy day. Personally, I had no conception how fully occupied an attaché's time was, until I spent a day with one of our trade envoys in a large European capital. He receives every conceivable type of request for assistance, by mail, cable, telegraph, telephone, and personal call. The attaché's office is a foreign-trade service station where everything may be done from informational refueling to adjusting the brakes on our individual business activities abroad. The wide-awake attaché attracts information just as a magnet attracts metal. Every conversation with business men in the community, with officials, or with casual tourists adds to his store of knowledge and increases his usefulness.

Every action must count when one man with a limited staff attempts to translate into intelligible and sales-registering effectiveness the wide variety of information on every angle of our business activity in a given foreign field. Opening the *Official Gazette* promptly at nine o'clock, the attaché notices, say, that the Ministry of War is receiving bids on the fifteenth of the month for 30 motorcycles and 30,000 kilos of lubricating oil for the army. This is immediately recognized as an opportunity for American trade, and is cabled to the Bureau of Foreign and Domestic Commerce at Washington, where the great mill is grinding out a hundred such opportunities for trade from every corner of the world.

The attaché's job is not finished with merely reporting this to Washington. He telephones the local distributors of two American motorcycle manufacturers, and four American oil companies, and asks if they have seen the notice. "No," they say. "Well, go to it;" is the injunction. Meanwhile, things begin popping at home. The local agents receive cables to go after the business, and to get in touch with the attaché for fuller information. Within a day or two a

polite call on the Ministry of War elicits more details regarding specifications, and furnishes the attaché an opportunity to commend the high quality of the American product. This is trade promotion.

The representative of a large locomotive company calls. He wants the truth about the influence which the Germans are exercising in the Ministry of Supplies in connection with a bid for 120 locomotives submitted by his company some time ago. This requires delicate and difficult handling and involves a call on the Ministry. Before departure on this errand, however, there is a long-distance telephone message from the President of the American Chamber of Commerce in a neighboring city. The government has recently raised the duties on pumps and gasoline engines, and a German pump factory, under this protection, has been established locally, seriously competing with American imports. What can the attaché suggest? The attaché asks for time because this is something to think about.

On his return from the Ministry of Supplies where he has obtained some concrete information

about German influence—information hardly accessible to an ordinary business representative doing business with the Ministry—he is called into conference with the Ambassador, who has received instructions to take up with the Government the question of remission of fines on shipping-board vessels. These cases have already been presented informally by the attaché at the request of the Shipping Board. Now, at the behest of the Ambassador, he is to approach the Collector of Customs, and get an informal and intimate opinion. At the same time, the Ambassador waits on the Ministry for more formal views.

Just here may be emphasized the real value of the commercial-attaché service. The very informality of the Commerce representatives' contacts abroad is the key to his greatest usefulness. There is no donning of morning coats, no fuss and feathers for his informal conversations with officials. For that very reason, perhaps, he is able to discuss things more frankly and with less reserve than were he voicing the official opinion of his government. The reason is quite apparent.

In all government organizations will be found the real experts who know details and furnish the basic information upon which decisions and policies are determined. They are much like the engineers in a great business organization. They are constantly making up the specifications.

Every business man knows that the favorable attitude of an engineer toward his product is more than half the battle. So the cultivation of these foreign government experts, with a view of gaining at least equal recognition for American products, is one of the chief duties of a commercial attaché or trade commissioner. Far from being prejudiced by this informally representative character, he is positively aided by the indirect and intimate contacts which this informality invites. Moreover, there is no more duplication between such activities and the formal representative functions of the Ambassador, than exists between the conferences of engineers preceding a meeting of the presidents of two corporations who formally sign a contract. Each side has, through these contacts, a means of sounding out the other, and thus precluding interminable formal negotiations.

about German influence—information hardly accessible to an ordinary business representative doing business with the Ministry—he is called into conference with the Ambassador, who has received instructions to take up with the Government the question of remission of fines on shipping-board vessels. These cases have already been presented informally by the attaché at the request of the Shipping Board. Now, at the behest of the Ambassador, he is to approach the Collector of Customs, and get an informal and intimate opinion. At the same time, the Ambassador waits on the Ministry for more formal views.

Just here may be emphasized the real value of the commercial-attaché service. The very informality of the Commerce representatives' contacts abroad is the key to his greatest usefulness. There is no donning of morning coats, no fuss and feathers for his informal conversations with officials. For that very reason, perhaps, he is able to discuss things more frankly and with less reserve than were he voicing the official opinion of his government. The reason is quite apparent.

In all government organizations will be found the real experts who know details and furnish the basic information upon which decisions and policies are determined. They are much like the engineers in a great business organization. They are constantly making up the specifications.

Every business man knows that the favorable attitude of an engineer toward his product is more than half the battle. So the cultivation of these foreign government experts, with a view of gaining at least equal recognition for American products, is one of the chief duties of a commercial attaché or trade commissioner. Far from being prejudiced by this informally representative character, he is positively aided by the indirect and intimate contacts which this informality invites. Moreover, there is no more duplication between such activities and the formal representative functions of the Ambassador, than exists between the conferences of engineers preceding a meeting of the presidents of two corporations who formally sign a contract. Each side has, through these contacts, a means of sounding out the other, and thus precluding interminable formal negotiations.

The office staff had meantime been busy during the day translating for the Embassy the essential parts of the existing commercial treaty with a neighboring country especially the "most-favored-nation" clauses which might be applicable to the United States. It had also performed many services for local American firms, some necessitating the straightening out of customs tangles, others having to do with tax affairs, and had attended to other minor matters requiring informal contacts with officials. A trade dispute involving a small sum had been successfully arbitrated. A number of American salesmen who had called were furnished lists of local dealers.

The daily routine of a commercial attaché in a busy European capital is in distinct contrast with the hectic existence of a trade commissioner detailed to write a description of the resources of such a country as Venezuela or Colombia. This service calls for the pioneer type of trade adventurer, of whom the Bureau has developed many. What P. L. Bell and W. L. Schurz did for the Caribbean and South American countries, Julean Arnold and P. P. Whit-

ham did in China. The anecdotes, personal experiences, and reminiscences of such men would alone fill a volume. Yet with all the adventure and romance of their work, the solid accomplishments have proven milestones in Bureau history.

A page from the diary of a modern Columbus of commerce like Bell, thrills just as its prototype centuries ago stirred the courts of Spain. The motif is the same. Then rulers sat in robes of purple and decked with jewels, while intrepid voyagers scoured the globe in search of new lands to add to already powerful domains. Today commercial discoverers explore unknown wilds that the American business man, comfortable at home or in his club, or with his high-powered motor-car rolling over paved highways, may expand his markets, avoid costly mistakes, and send his produce to all the ends of the earth. To do this, commerce officials have spent countless days and reeking, stifling nights in the tropics, struggling against yellow fever, dysentery, and malaria, with the problem of food and shelter always uppermost.

In these investigations they have encountered many strange people and heard many weird

stories; tales of indomitable Christian missionaries sent out from Europe in groups to reach the Indians above the falls of the Guahibos of the Orinoco River in Venezuela; tales of the mission of "Las Emeradas" built a few years after the fourth voyage of Columbus, halfway up to the head waters of the Orinoco; tales of the venturing by these fearless fathers into the interior of Venezuela from Peru over mountain runways used first by the Incas, hundreds of miles from the coast, filled with hostile savages and unknown wild animals, braving disease and starvation every step of the way.

What has all this to do with commerce? The Trade Commissioner learned from the modern successors of these holy explorers that warlike tribes from the neighborhood of the falls of the Guahibos, men of powerful physique, in contrast with the smaller neighboring people, venture out with gold nuggets, to trade for trinkets and articles of adornment. Herein lies the romance of modern commerce. Are these people, who resist contact with the outside world, the present-day custodians of the wealth of the Incas? Armed with blow-pipes and darts poisoned with

the deadly curare sap, they fear neither man nor beast, yet they venture far enough from their almost impenetrable retreat to trade their gold for the products of an unknown, but none the less fascinating, civilized world. Here we have primitive commerce in the making.

Bell gathered much material relating to the remote lands in the commercial district of Ciudad Bolivar, where rubber and chicle were the principal products. He ranged from the forests and jungles near Lake Maracaibo, through the modern district around Caracas, and thence east and south to the lesser-known regions. He was the interpreter of the commercial significance of this vast undeveloped jungle with its wealth of raw materials that lay so close to our doors. Later he tackled Mexico and Lower California, and did the same kind of a thorough job in those countries.

W. L. Schurz performed similar work in Paraguay and Bolivia. In Asuncion he found the largest department store in the country housed in a dingy, barn-like structure. A jewelry store with a high-grade stock of goods and a select clientele was located in a private house,

bearing no sign or other indication of the nature of the business. Such things as electric-display advertising he found futile in a city with so few people venturing on the streets after dark. He surveyed "the Chaco," that vast region of park-like savannas to the west which are sparsely inhabited and subject to heavy inundations. He concluded that Paraguay's 800,000 or 900,000 people represent the buying capacity of an American city of about 150,000 inhabitants.

In Bolivia he studied a country of greater commercial importance, rich in mineral deposits whose mines in colonial days yielded large returns to the Spanish Crown. He gave particular attention to the Aymara Indians, whose existence has been a continuous struggle against the environment of the bleak and inhospitable High Plateau, a battle against cold and hunger and lack of oxygen. He found them sullen and taciturn with an air of habitual melancholy. They lived in huts made of mud or stone, and slept on sheep pelts on the bare floor. In fact, Schurz brought Bolivia to the American exporter in a series of graphic pen pictures.

Coming in contact with many classes and

kinds of people abroad, all intent on making money, a commercial attaché has many temptations. One reported a brazen attempt to get his indorsement, for a handsome consideration, on a deal involving ten million dollars worth of contraband where his mere word to a certain official was claimed to be all that was necessary. Instead of succumbing, he reported the incident to the Ambassador, who immediately put the whole staff of the Embassy on their guard.

The commercial attaché is often the means of bringing together buyer and seller, but seldom is he called upon to discover for another nation their own supplies of raw materials. This actually occurred during the war. At that time we were very much in need of platinum. With the Russian supply cut off, the British had established a control over the British platinum market, and were attempting to maintain a fair price which our industrial demands threatened to boost by independent bidding for the restricted world supply. To prevent this, and to divert our demands from the British market, they arranged through our commercial attaché our purchase of a lot of platinum which they knew to exist in

Paris. The sale, by the British firm who controlled this supply, to the War Industries Board, was arranged through the attaché by cable.

It so happened that France was at the same time trying to purchase platinum in the United States through the War Industries Board. When Washington, besieged by French agents for export permits, learned that France had sold us platinum, they called the attention of the French purchasing agents in this country to the supply in Paris uncovered by our attaché. The Frenchmen were amazed. The result was the satisfaction of most of the French demands through the utilization of their own supplies in France. American stocks, relieved of French demands, were more nearly adequate for home uses. Coals needed in Newcastle were utilized there.

The fascination about the foreign commerce service is found in the very diversity of duties. No one can say what contacts made abroad will result in increased trade for the United States. The chief asset of a commercial attaché is in becoming well known in the country to which he is assigned. His name must become so identified

with American trade that foreign merchants will think of him whenever they are seeking new American connections.

Julean Arnold has gained this unique position in China. To the Chinese he typifies American commerce. Whenever he reaches a Chinese city he is in demand for an address to the local Chamber of Commerce, where he points out pertinent possibilities of Chinese-American trade. Opportunities flock to his doorstep. When he comes to the United States, he preaches the gospel of greater cooperation with these solid merchants of China. He has become the emblem of Chinese-American commerce on both sides of the Pacific. His office in the Legation at Peking, close under the ancient wall, and a stone's throw from the main entrance to the city, is a beehive of activity. His residence in China since 1902 has given him an invaluable knowledge of the country. Anyone who knows China realizes how difficult it is to get at facts and figures with regard to the republic, yet Arnold's estimates of anything from population to cotton production are universally accepted. He knows China.

Another potent personality was Paul Page

Whitham, Trade Commissioner, who surveyed China's ports and railways. Whitham was not only sold on China, but he sold China to the Chinese themselves. He urged Chinese river control and port development to American capital with little result. Then, with the help of Chinese capital, he embarked upon an active career of Chinese port-development and flood-prevention work on the Yellow River. He is a practical example of the type of business man in the service who worked to the benefit of the government, and also turned his experience to some practical account.

Whitham's investigations took him 30,000 miles over the vast expanse of China. He traveled in every known conveyance, over every conceivable type of road from macadam highway between Peking and Tientsin, to the deep-rutted paths through the trackless deserts of western China. He preached transportation to the Chinese, and pleaded for cooperation from American capital in building better roads for China. If the time ever comes when China composes its political differences, and fighting ceases, the reports of his first-hand investigations, which

are profusely illustrated, and his blue prints and maps of projected harbor and railway development, will be of greatest value to American financial interests.

If Whitham discovered China for the Chinese, John A. Fowler, who spent three years in an exhaustive survey of the little-known Dutch East Indies and British Malay territory, showed the Dutch the possibility of their colony. His handbook is a classic. In addition to the great mass of commercial data such as is always included in such publications, Fowler gave many interesting details and much background material. He was as familiar with the habits of the nomadic tribes of Borneo as with the methods used in overcoming the "sereh disease" in the sugar industry of Java. It was Fowler who pointed out the former penal clauses against "extreme laziness" in the colonies—an eloquent commentary on the labor situation. He explains how birds of paradise are hunted; dilates upon the position and authority of the Mohammedan Javanese who have made the pilgrimage to Mecca; and comments upon the shortage of competent assistants in the management of rubber

plantations. In short, his three years in the Middle East covered not only the salient factors in the economic life of the territory, but also the related conditions and influences that had a bearing on the trend and development of trade.

A daily task of the attaché lies in interpreting American trade and commodities in terms of foreign understanding. Classification of a Ford car as a "car de luxe" by a South-American customs official called for extraordinary tact and considerable negotiation on the part of our officials. The practice had grown up in that country of considering all closed cars as "de luxe," thus calling for a much higher duty than that levied on ordinary touring cars of the same make. The official in question had had much experience with undervaluation as a result of ambiguous classification. He had seen many high-class commodities brought in under low-class specifications. He was taking no chances; but when the attaché showed him how the chassis was absolutely identical with other Fords even though the body was somewhat changed, he reconsidered his decision. It meant the saving of thousands of dollars to the American firm.

Attachés have been used in many strange ways, but never has coincidence played a more important part in the fulfillment of a strange mission, than in the finding by one of our trade scouts of an entire Belgian family lost during the early years of the war. An important Belgian business man who was in the United States making purchases at the outbreak of hostilities, had lost all trace of his family which had been driven out by the early German invasion of Belgium. The attaché was about to start for his post in Belgium, and was asked to undertake the tracing of this family as a special favor. It was felt that the family might be found in England, although how, no one could suggest. In London the long printed lists of missing Belgians were eagerly scanned, and inquiries made at all consulates and legations. The new Belgian newspaper then being printed in London was utilized. Indeed all the prosaic means of seeking lost families were exhausted without result.

The attaché finally boarded the little channel boat for Holland crestfallen at his failure. Then such a coincidence occurred as we read

about in fiction, and dismiss as unworthy of belief. Idly leaning over the rail, passing the usual pleasantries in French, he learned that one of his fellow passengers was from Brussels. Like the stage European with a brother emigrated to America who asks the American traveler whether he has heard of him, the attaché took a long chance and asked if this Belgian knew the family he was looking for.

"Why, yes," came the reply, "they live next door to me when they are home. Now, the father is in New York, and his family is in Courtrai; but they can't get word from him."

Quite casually, and as a matter of routine easily accomplished, the attaché cabled Washington that the family had been located. Neither Washington nor the Belgian business man, however, were deceived by this *sang froid.* They realized fully what a long chance the attaché had taken, and how successful he had been.

CHAPTER VIII

THE ROMANCE OF FOREIGN TRADE

WITH AMERICA'S trade envoys seeking opportunities at the ends of the earth, it is little wonder that legends of their adventures are enrolled without number in departmental archives. No matter what their mission, whether arranging the release of essential raw materials during the war, or pushing American exports in the deserts of Asia, their exploits and activities are part of American commercial history.

In the early days of the war, and for that matter as long as we remained neutral, the Department of Commerce had an interest in trade with both sides. Trade with the Allies was not difficult, but the American commercial attaché, who covered Germany, the Netherlands, and Scandinavia, in those days had trying times. Americans were anxious to send cotton into Germany,

and to bring out dyestuffs, beet seed, and all other commodities which had made up Germany's trade with the United States. In March, 1915, the Allies stopped cotton exports to Germany, and immediately difficulties arose in getting German export licenses for the commodities we wanted. The favorite German gibe was, "What's the use of issuing export licenses to you? The Allies will not let the shipments pass the blockade."

American sugar-beet growers had been depending upon German beet seed for planting purposes. Growing beets for seed is entirely different from growing beets for sugar, and we were short of seed beets. The more our growers besieged the Government to find some way to permit the export of beet seed from Germany the more steadfast was the German demand that we raise the Allied blockade on American cotton for Germany. As for the Allies, they were obdurate. There was to be no trade either in or out of Germany.

Naturally, the promotion of commerce with Germany under such circumstances was far from an easy task. It was when beet seed had ad-

vanced about 1,000 per cent in price that the Germans finally capitulated to the pleas of the commercial attaché. They gave him an export license which contained what appeared to be the impossible proviso, that it become operative only when accompanied by an official permit from the British government to pass the blockade.

Erwin W. Thompson, the commercial attaché at Berlin, then demonstrated the flexibility and ingenuity which has made his title synonymous with service. Cutting all red tape and formality, he went immediately to London, invading his colleague's territory, but explained the whole thing carefully to the London official. Walter Hines Page was American Ambassador. After listening to Thompson's story, he got into action. Whether he repeated the attaché's arguments to Sir Edward Grey, Foreign Minister, emphasizing the need of the Allies themselves for the sugar to be grown from the beet seed, and showing how American farmers could not possibly produce enough sugar without the German seed, is not known. Equally obscure is the exact mental reaction of Sir Edward. Undoubtedly the British reluctance was overcome by the feel-

ing, "What difference does it make if we do issue a pass, the Germans will not sell them the stuff." The facts are that Page obtained the pass and handed it to the commercial attaché, who hurried back to Berlin and attached it to the German permit. The shipment went through much to the surprise of the German officials, and to the satisfaction of the American importers of beet seed.

To be able to watch and report from day to day on the monetary revolution in Germany was only a shade less absorbing than running the blockade. C. E. Herring, commercial attaché, arrived in Berlin just as the German mark began its spectacular descent. All economic news in German just then was "strictly fresh." It was of little use unless cabled immediately. The phenomenon of currency deflation was a subject altogether new to American business experience. The attaché found himself trying to interpret kaleidoscopic events to an audience who had never lived through a money depreciation. How could he convey the absolute economic chaos of a currency dropping 50 per cent of its value over night? To describe such phenomena in terse

cabled messages, weaving into them all the apparently preposterous effects; to dramatize and interpret the stream of events ending in this crushing collapse of German currency—this was the duty of the Berlin attaché in those early days of mark depreciation.

Reporting current economic changes under such circumstances was like recording a balloon race. Every drop in the value of the mark meant a corresponding commodity rise. It was nothing unusual to report pig-iron prices as 34,000 marks a ton one week and 54,000 marks the next. The German statistical office was so far behind in its attempts to keep up with foreign-trade figures that it finally decided to omit the statistics for some six or eight months completely, and never attempt to compile them. Business itself was so disorganized during this period that accurate information was almost impossible to obtain.

Propaganda, born of exigencies of the war, served just as effective a purpose in peace. As the monetary collapse neared its end, the intense nervousness of the German population, the shortage of food and fuel, the almost daily riots in the streets, and the feeling of imminent revolt, all

had to be translated into the prosaic economic terms of an official dispatch. The absolutely accurate and dispassionate treatment of the facts, however, gave American business a graphic picture of these stirring times, untinged by propaganda, and unfettered by prediction.

Invention is sometimes the mother of necessity. The Finnish Revolution found Trade Commissioner Axel H. Oxholm, who was investigating lumber conditions, marooned in a small town in the frozen north of Finland, cut off from the outside world by Bolshevist forces. What the Bolsheviki needed most was food. The envoy soon found himself in the same predicament. He appealed to the Bolshevist Commissioner for a pass. He was willing, but Oxholm's official passport, written in English, must first be translated. A Finnish-American Bolshevist was delegated to do the job. The result was neither Finnish nor American. More than one word puzzled the translator, but he did the best he could.

Oxholm started out for Helsingfors with no little trepidation. He had visions of a hard journey, much questioning, and perhaps jail.

What was his surprise to be provided with a private car. An extra locomotive preceded his train as a precaution against blown-up bridges. It was forty-eight hours to Helsingfors, with the thermometer forty degrees below zero. There was no heat, and the only food was black bread and herring; but the service was excellent, and the consideration given him was actually mystifying. It was only after he arrived in Helsingfors that he learned the real reason. The translator, it appears, being at a loss as to the meaning of the word "lumber" had translated it "grain," and the Bolshevist Commissioner had added a notation from his fertile imagination to the effect that the free distribution of American grain could not begin until the "American Grain Commissioner" reached Helsingfors!

Much more serious was the experience of Trade Commissioner R. E. Simmons with the Bolshevists. He was caught in the 1917 revolution at Vologda. When the other foreigners were forced to depart, Simmons, who was ill with pneumonia, could not leave his bed. As soon as he was able to get up, he applied to the Commissar, one Kedroff for permission to leave the

city. He was told to return "day after tomorrow." The next day the newspapers contained a public declaration by this genial Communist official calling upon soldiers, peasants, and workmen to shoot at sight all Americans, Englishmen, or Frenchmen!

When Simmons called on the Commissar next day, he was presented not to the Commissar himself, but to a bloodthirsty and irascible assistant named Iduke. Iduke threw his official American passport on the floor, and ordered him to prison. When he asked to be given permission to establish contact by wire with American consular officials in Moscow, he was told that they too were in jail. That afternoon his cell companion, a native-born Russian who had been educated in English universities, was called before Iduke. His companion was visibly disturbed when he was returned to the cell.

"I don't like the situation," he told Simmons. "I don't understand these people. They are not Russians. I don't know why they accuse me."

About a quarter to seven that evening, three soldiers entered the cell with bayonets, and took the Russian. He stopped to get his coat, but

they said he would not need it. He never returned, for he was shot at dawn.

It was about this time that the Trade Commissioner began to feel some slight uneasiness. About two o'clock in the morning as he was writing what he supposed to be his last letters, the Commissar's secretary appeared.

"You will be sent to Moscow tomorrow for trial before the Special Council to Combat Counter-Revolution, Sabotage, and Speculation."

After being paraded up and down the streets of Vologda to show the public what measures the Bolshevists were taking against foreigners who represented capitalist countries, Simmons was put on the train for Moscow under special guard. There, after another parade through the streets, he was thrown into Lubianka Prison. In his cell were eighty-five other men. They were deprived of all bedding, food, luggage, clothing, toilet articles, everything, in fact, except the clothes on their backs.

The American Trade Commissioner remained in this cell three days, when he was transferred to another prison. In this cell were only twenty-

five men. In the five days of his subsequent imprisonment, two of the men were shot and one was released.

From Vologda he had written to every agency he could think of for relief. These included the Red Cross, for medicine; the Y.M.C.A., for food; and the American and Swedish Consuls General, the Norwegian Minister, and the commercial attaché to effect his release. There was no response from any of them. None of his letters were delivered. Five English sailors in his cell were already so weak from starvation that they could barely stagger across the room. Simmons was faced with a like fate.

He decided to bribe a guard in a last desperate attempt to communicate with the outside world. Could he once get a letter through to any of the people he knew in Moscow, he was sure of his release. It was only because they did not know of his predicament that he was in danger of death, either by violence or starvation.

He discovered that his guard was a Lettish soldier who had been in America, and had lived in Lawrence, Kansas. Simmons talked to him about Kansas, and got on rather good terms with

him. He then borrowed 100 rubles in small sums from several of his fellow prisoners.

His greatest difficulty now arose because bribing a guard was punishable by death. The first attempt was unsuccessful. The ex-citizen of Lawrence, Kansas, stalwartly refused to deliver the letter he had written to the Swedish Consul-General. Simmons was beginning to lose hope. Starvation in a Russian prison! What a fate for an American Trade Commissioner! A few hours later, however, as he half dozed in the putrid cell, he heard his name softly called. He went to the door. The peep hole was open. It was his Kansas friend. Through the peep hole, and down into the Lettish boot went the letter.

For thirty-six hours he waited in suspense. Finally, a visiting card bearing the name of the American commercial attaché was presented with a loaf of bread and a few toilet articles.

"Keep your nerve," it read, "we will have you released soon."

Four hours later Simmons was free.

No man in the foreign service of the Department of Commerce has had more harrowing ex-

periences, however, than Trade Commissioner P. L. Bell. His handbooks "Colombia" and "Venezuela" were written after months of actual and arduous travel through these countries, surveying the resources and noting new channels for American commerce. Most of his trade facts were gleaned from natives. Bell earned an enviable reputation as an investigator, because of the one great point of contact with the populace.

Most of his investigations took him along the tropical streams where gigantic crocodiles were, as he expressed it, "as common as hogs in Iowa." During the dry season these ferocious monsters are forced to leave the secluded swamps which line the tropical rivers, and seek the more abundant waters of the rapidly drying streams. Every sand bar and mud flat he passed, had its colony of crocodiles lying like great dun-colored, warty logs at the water's edge, their jaws open at an angle of forty-five degrees. To all appearances, they were asleep in the brilliant sunlight and sweltering heat; but woe betide him who came too close.

Bell had been an old campaigner in Mexico. It was not long, therefore, before his 30-30 Win-

chester rifle, equipped with Lyman sights, was beguiling the heat and monotony of a journey up the Magdalena River by the methodical slaughter of these countless crocodiles.

There is a constant feud in this region between the population and the crocodiles. From time immemorial, these river cannibals have taken their ghastly toll—a child at the water's edge, a dog, a favorite milk cow, or the family pig. Hundreds have been snatched away utterly without warning. A sweep of a great tail, a swirl in the water, a streak of blood, a chorus of screams on the bank, and the "wolf of the river" has made another kill.

Bell's reputation as a crocodile slayer had soon spread up and down the river. He had discovered that a lead-type expanding bullet placed low down just back of the point of the shoulder, scored a clean kill. At every one of these shots, the crew of the little river boat swarmed around dancing with joy, and screaming curses at the writhing monster. Sometimes they turned on the mechanical piano on deck, and played the American national anthem.

Whenever Bell debarked from the steamer, he

was followed by a host of admiring natives. At the place of debarkation for a cross-country hike, a delegation called upon him and insisted that he perform one more feat of prowess before starting for the uplands. This consisted of the simple task of eliminating a particularly objectionable crocodile which had just the day before dragged an old woman into the water and devoured her. They led him up stream to a piece of log which the unfortunate victim had used as a washboard. The Trade Commissioner took his post about fifteen feet away from this log.

He was fully alert, but he scarcely realized the precarious position. In a few minutes there was a slight commotion in the river, and a great ivory-lined mouth cut through the muddy current, and made directly for him. Coming as it did with tremendous momentum out of the water, the great beast gave him only a fraction of a second to raise his rifle. Within that short period, however, and with the beast almost upon him, he fired, and the shot went home down the great cavern of the out-stretched mouth. Ropes were brought, the crocodile was dragged through the streets, and the Commissioner was almost suffo-

cated by the howling mob which stormed him with congratulations and gratitude. Thereafter, no favor which he could ask was too great for the inhabitants of this little Colombian village.

Rarely does a human being have such an experience as befell Assistant Trade Commissioner P. P. Steintorf, in the Tokio earthquake. Here is his story—a piece of history—in full:

"The morning of September 1, 1923, was hot—hot and depressing in Tokio. I sat at my desk in the American Embassy working, but my thoughts kept drifting to the cool waters of Kamakura Bay, where I intended to spend the afternoon. A few minutes before noon I straightened my overloaded desk, preparatory to leaving for lunch. Then I got up, and was reaching for my hat.

"Suddenly a terrific roar filled the air. 'Another earthquake,' I said, and glanced through the window, mildly interested. From the direction of Tokio Bay a tremendous cloud of dust approached with appalling rapidity. The crashing roar grew louder—a combination of the shriek of wind, the sound of tiles and masonry

smashing, the groaning of swaying buildings, and human cries.

"Realizing that it was already too late to try for the stairs, I jumped for the protection of a doorway, dragging bewildered Miss Powell, our secretary, with me, shouting through the din that it was the safest place. We had not recovered our balance when the wind and quake struck the Embassy. The tumult about was deafening, frightful. The bright sunlight was gone, the air was filled with flying débris, dust, plaster, and we were in almost total darkness.

"The building lifted several feet, shivered, dropped back on its base, and began a sickening swaying from side to side, with an occasional repetition of the up-and-down movement. Later, I heard a Chinese express it: 'First time, shake him loose; second time, knock him down!'

"Having been through several severe quakes, I was not at first particularly frightened; but as the disturbance continued to grow, and the walls of the room swung in several yards and opened great cracks, showering the plaster over the jumble of falling steel file cabinets, overturning desks and tables, rolling chairs and baskets, I

TRADE COMMISSIONER CHARLES LIVENGOOD IN HAVANA

ASSISTANT TRADE COMMISSIONER PAUL P. STEINTORF (*left*) AND TRADE COMMISSIONER HALLECK A. BUTTS IN JAPAN

shouted to Miss Powell that we would be lucky if we got out alive.

"Through the open window we could see the ground moving in rapid wave-like undulations—waves that were several feet high and following each other with inconceivable swiftness. Wide fissures opened and closed in the earth. I could follow the direction of the quake and saw the first shock strike the flimsy Japanese houses that tumbled over like stacks of cardboard boxes when the lowest one is pushed out. Telephone poles were swaying like the sticks of a fan; snapping and falling, dangling a confusion of wires in all directions.

"Gradually the most violent tremors died away in the distance. Our office was a complete wreck. I worked my way into the hall and realized that I had been lucky in 'playing my hunch' and not trying the stairs. This narrow hall had been lined almost to the ceiling with open bookcases, filled with thick, heavy volumes. All had overturned, and the piles of books and the smashed cases made the way impassable.

"Not having heard anything from Doctor Abbott, the commercial attaché, who was in the

next office when the uproar began, I called to him, and received assurance that he was all right. We thought the worst was over, and began to clear a way to get out of the building—but a second quake struck us, of violence almost equal to the first, and Miss Powell and I jumped for our trusty doorway. That shock passed with its din, adding to the wreckage.

"We wanted just one thing then, and that was to get out of that building. So we crawled through a window onto a porch, and back into another part of the building through another window, managing to get down a stairway.

"We found the Embassy staff gathered in the garden. No one had been hurt, as they had dashed into the open at the first shock. The Ambassador, however, had had a very narrow escape. When the first shock came, he had not realized the great danger and had remained at his desk. Colonel Burnett, the Military attaché, seeing this, had rushed into the room, seized the Ambassador, and literally dragged him away just as the whole wall behind crashed down onto the spot where he had been sitting.

"Doctor Abbott disappeared. Later I learned

that he had commandeered a bicycle, and made all speed to reach his family to learn what had happened to them. Miss Powell hurried off to find out whether she still had a home. I did not see either of them again that day.

"Two members of the Embassy staff and I headed toward the central part of the city to see how great the damage was. We got into a narrow street where the buildings had been shaken loose and partly wrecked, but had not completely collapsed. They overhung us like something seen in a nightmare. Just as we were about half way through, another shock began. The most terrifying experience of the whole day was being so near those crazily swaying, crunching, collapsing things that seemed to close in over our heads as we ran. Thereafter we kept to the open spaces, for shock followed shock for hours upon hours.

"We made our way toward the Imperial Hotel, which faces Hibiya Park. Everywhere was indescribable confusion and destruction. Beams, tires, wires, poles, masonry, all writhed in unsteady masses on the shaking, quivering ground. As we neared the hotel, a new fire broke

out in the thickly congested section just south of the park. We stood by the moat and watched the flames destroy the beautiful office buildings of which Tokio was so proud; then the Imperial Hotel went, the Metropolitan Police Office—everything.

"Another severe quake threw us about as we stood there, and a newspaper man, who had joined us, called frantically, 'Come over here and hang onto a telephone post. It's the safest.'

"I yelled back, 'No, I won't; I've seen too many of those things snap off.' But he hung on, trusting to poles, as I trusted only to the 'wide-open spaces.'

"Hours later we returned to the Embassy, exhausted and very hungry, for we had had nothing since breakfast. Just about then it occurred to me to wonder why I had carefully lugged a volume of 'The Life and Letters of Walter Hines Page' under my arm all afternoon. I now remembered that I had put it down when trying to help in rescue work, only to pick it up and carry it along when we moved on. It was about the only thing I saved of all my Tokio possessions.

"With the idea of trying to find something to

eat, we left the Embassy and went to the Student Interpreters' House, where it perched nearby on the side of a hill. We found that the flames had spared it so far, but one end had split, and it looked as though the whole structure would fall down into the valley below at any moment. The *amah* (housekeeper) was still there, and succeeded in finding us some toast and jam, and managed to make us some tea. Later we went for a walk.

"Our guide was a young man from one of the European legations, (I have never known which one) who had offered his home as a temporary refuge. When we learned that this was a tiny Japanese house in the outermost suburbs of the city, we cast about to try to save Mrs. Marchand, the Ambassador's mother-in-law, the long walk there. We finally succeeded in securing one jinrikisha boy who, after much argument and discussion, finally consented to take her to our destination. I then relieved one of the others of two suitcases, and we plodded on.

"Behind us the city was a mass of roaring flames, but here all was strangely quiet except when the occasional tremors precipitated a mad

dash for the exact center of the street. It seemed hours before we reached the house. It was too small to accommodate all of us, so my two companions of the afternoon and I started back toward the Embassy, with a vague plan of getting more bedding from the Student Interpreters' house, and trying to sleep somewhere in the street.

"It took us about half an hour to get back to the vicinity of the Embassy, which we found a mass of flames. We were all too jaded to be impressed, but I did feel an unworthy sense of relief as I remarked to my companions that for the first time in months my desk was cleared of 'unfinished business.'"

In the course of their official duties Trade Commissioners have many queer and amusing experiences. Seldom, however, does such a simple thing as the turning over of a hat mean so much in the lives of men, as this story shows:

There is a certain tropical country that is governed by a great Dictator; great because he has given a revolt-torn country nearly twenty years of much-needed peace, after political turmoil, heedless graft, and uneconomic measures had

wrecked it during half a century, and had virtually torn the country away from the society of nations of the world; great because he brought his country out of the period of the World War with the only intact gold reserve in the continent; great because he has slowly and surely paid off in full the foreign obligations contracted by his reckless predecessors, refusing even to accept a reduction of the exorbitant interest rate; great because he has rapidly built up a system of interior highways, his country now having many more miles of roads than others with five times its population.

He was a man fundamentally a genius of sorts; but as knowledge is sometimes measured in our more progressive and modern world, a man untraveled outside the confines of his own land, unversed in the ways of the great outside commercial world of today, and having little or no knowledge of economics, or of trade routes, or of international exchange of products, with its necessities and manipulations; but also, a man knowing full well the cost of revolt, and the tendencies of his people, and therefore holding the reins with an iron hand, proud of his prestige

and power; in short, a superman of a country inhabited by a people capable of extraordinary sacrifice, and yet at the same time unstable in their political organization, or rather lack of it.

For many years this country has been famous for extraordinarily high import duties and excessive fines in customs. Many export houses abroad refused to ship goods there on that account.

During the course of an American Trade Commissioner's work in the country in question, an opportunity was afforded him to gain the confidence of the Minister of the Treasury, the second in importance and influence in the political body. The Minister was shown by actual deeds that the Commissioner fully realized the country's economic necessities, and that his idea was to help all he could in facilitating commercial intercourse with the rest of the world. This led to numerous discussions of the tariff questions pending and the Minister was won over to the principle that in many cases an excessive tariff meant, for the country, only increased smuggling or actual suffocation of an otherwise important

trade, and a decrease in a vital source of government revenue.

It was all very well for the Minister of Finance, who controlled the customs, to think this way, and to have become convinced of this economic truth; but it was quite another matter to get a decree from the President making it effective. The Minister wanted to be progressive, and to do away with the old order of things; but he was, in reality, in deathly fear of the Dictator, and afraid to make any such definite recommendations to him.

By this time the relations of the two men had progressed to a point where the Trade Commissioner usually had Sunday dinner at the Minister's home. He had been admitted into the family circle, and could count himself as one of the official's most trusted and confidential friends. This led to the suggestion that the Commissioner be used as a means of bringing the President's thought into line with the policy desired. It would leave the Minister uninvolved if the idea were not received as was hoped.

The result, eventually, was that the Trade Commissioner, accompanied by the Minister,

traveled by motor-car over one of the fine mountain highways, down to the country seat of the President, and was lodged in a hotel where a major of the General Staff was appointed to attend him, and see that he was properly accommodated as a guest.

The following day an official reception was announced. It took place in the late afternoon, out in a grass-carpeted valley, surrounded by mountains. The Dictator was seated in an ordinary camp chair in the center of a semicircle of his cabinet members, lesser officials, personal friends, and a general or two. His two sons in white cadet uniforms attended him standing at the back of the chair. The great man was dressed in a plain white-duck uniform without metal buttons or any indication whatever of rank, and wore high black patent-leather riding boots.

The Major of the General Staff was attired in full gala uniform, and was a blaze of glory. He wore white trousers with a heavy two-inch gold braid and red stripe down the seams; a sky-blue, long-tailed, German-style, high-collared tunic adorned with silver and red epaulets, the gold collar plate of an officer of the day; and, to

crown it all, a shiny patent-leather, gold-chained, Prussian-type hussar helmet.

He took the American Trade Commissioner out in style, in the "official" car of the country. The Commissioner had to content himself with his usual white-duck tropical suit and an ordinary straw hat; but, in view of the dignity of the occasion, he had ventured to carry a cane.

There was a wait. Finally the President signalled to the Major to bring the Trade Commissioner forward. As he started to walk across the grass toward the President's chair, the Commissioner removed his hard straw hat, and carried it under his arm *with the crown outward.* When he was less than halfway across the intervening space, the Major began to whisper violently to the Commissioner: "Turn your hat over! Turn your hat over! For the love of God!" He gave every evidence of a man in a blue funk, literally scared stiff. His face was the color of putty, and his arm was shaking.

It took a second or so for the Trade Commissioner to realize what was the matter with the Major, and then it all dawned on him in a rush. With clever acting on his part, he pretended to

stumble slightly. In recovering, he casually swung his hat outward and replaced it under his arm *with the inside of the crown outward.*

The introduction was simply made by the Minister of Finance: The Commissioner was seated by the President, and they engaged in a satisfactory conversation on economic and tariff subjects for nearly two hours.

The explanation of the seemingly extraordinary incident of the hat lies in the fact that dictators are afraid of bombs, pistols, knives. The major was responsible to the President for his safety, and had emphatic orders to allow no one to approach him with any possibility of carrying arms, bombs, or any potential instrument of assassination.

The President, through his well-organized secret service, had known all about the Trade Commissioner from the day of his arrival in the country five months before, and could have entertained no fear of him in such a connection. Under his system of Spartan discipline, however, this would have made no difference in the punishment of the Major if he had permitted the Commissioner, or anyone else, to approach with

a hat held in such a manner as to make possible the concealment of a weapon. The least the Major could have expected in the way of reprisal for his oversight with the hat, would have been exile, reduction to the rank, a period on the rock pile making roads, or actual physical chastisement in a military prison.

CHAPTER IX

COMMERCIAL TECHNIQUE

IF OUR official trade promotion contented itself with merely accelerating sales, much of its effectiveness would be lost. Having helped to sell the goods is only one hurdle cleared. They must be gotten to destination. That means transportation. They must be passed through the customs. That means determining the tariff. Finally they must be paid for. All too frequently this involves litigation and a knowledge of foreign commercial laws. So the Department of Commerce sticks tenaciously to the transaction.

The tariff is the first consideration, and the world is a maze of customs laws and regulations, all apparently designed to make commerce more complex. New nations and most of the old ones are constantly tinkering with tariffs in an effort to gain some economic advantage for themselves.

Every nation needs new revenue, and the favorite method of obtaining it is through tariff control. During 1925, forty countries revised their customs tariffs, and by means of a hundred commercial treaties negotiated new tariff relations with their neighbors. Every treaty affects directly or indirectly the sale of American goods in that country.

The Tariff Division under Henry Chalmers drives this hundred-horse tariff chariot. By means of active and far-reaching lines of contact, organized by the most comprehensive and effective of filing systems, a constant check is kept on the myriad changes in foreign customs laws and regulations, so that the exporter may know what the duty on a given commodity is before he quotes. The advantage in such service is obvious.

There was an Ohio manufacturer who produced a new type of tennis racket. Several of them found their way abroad, and he began to get inquiries from all sorts of out-of-the-way places. Without exception, they called for a quotation that would enable the foreign customer to know the selling price of the racket before placing the order. The manufacturer's business

was small. He had never shipped abroad. To obtain the necessary information on import duties in twenty different countries was an essential preliminary to any such quotation. To him the task seemed impossible, but the Foreign Tariffs Division performed it, and he got the business.

Nothing speeds up import demand for a product abroad like a rumored rise in duty. Merchants clamor to stock up at old prices, so that they may sell at the new. Let the rumor spread that Mexico is contemplating a higher tariff on shoes, and every shoe manufacturer and exporter in the world rushes shoes into Mexico under the tape. There are times when our commercial attaché gets timely information of this kind by reason of close and effective contact. The speeding of this information to Washington, and its dissemination to everyone concerned, quietly, quickly and without a blare of trumpets, is work worthy of Commerce-Department traditions. Sometimes such service results in avoiding losses rather than in registering gains. Perhaps the tariff is to be reduced or an obnoxious customs rule repealed. No matter what its char-

acter, the trade is informed in time through the well-oiled functioning of the Foreign Tariffs Division.

Such service is public service. On a par with it is the aid rendered in mitigating customs difficulties abroad. If an American patent medicine meets effective customs resistance because of the contention that its ingredients are harmful, our attachés do the unofficial intervening, even testing the stuff, if necessary, to prove its perfect harmlessness. Many foreign customs officials are sticklers for rules. Let a shipping document show the slightest trace of irregularity, and the whole shipment is held up and fines imposed. A plea to the Foreign Tariffs Division starts the attaché working, and official relaxation follows unofficial explanation. Where a private plea would prove worse than useless, and a diplomatic protest absurd, a little tact on the part of the commercial emissary smooths many a bump on our export highway.

Any impression that the Foreign Tariffs Division divides its time strictly between card indexing tariff changes and solving petty customs tangles would be highly erroneous. There are

the broad foreign commercial policies of fifty nations to be followed. For, after all, tariff laws are mere expressions of basic policy, and the exporter who wishes to open up a new market is more concerned with the question whether that particular country is heading toward high protection, than with its latest duty on razor blades. All this means an intelligent understanding of the moving current of foreign commercial events. Tariffs have a confused pedigree. It is necessary to know their economic parentage if we are to appraise their true character. The motive and intention behind a foreign-tariff law is as important as the law itself.

When the International Customs Conference met at Geneva, Chalmers represented the Department of Commerce. Out of these full and free discussions by customs experts from all over the world, were evolved the first steps toward a general relief from those very strict tariff formalities that handicap world trade. Our experts brought back from these conferences a clearer understanding of the motives actuating other nations in imposing trade controls. The facts collected at this conference by our experts were

of inestimable value. The movement of goods between European countries was still too often hampered by war-time regulations. Import and export licenses on individual transactions, restrictions on exchange in settlement of foreign trade obligations, and the absolute prohibition of certain classes of goods were all too common. Some of them were justified.

The American typewriter manufacturer, who was suddenly shut completely out of the German market, had to have Germany's whole economic position explained to him before he realized that he was not being discriminated against. The Foreign Tariffs Division told him that the import prohibition on typewriters into Germany was part of a general programme of import bans necessary better to balance German foreign trade and prevent the collapse of the newly established gold mark. Whether this explanation was satisfactory to him or not, the manufacturer promptly got the real facts. As an American, he had not been discriminated against. The same restriction applied to typewriters of all nations imported into Germany.

Closely allied with keeping abreast of tariff

changes is the compiling and indexing developments in foreign commercial law. Frequently, it is not until an exporter makes his first shipment to a foreign market that he comes squarely in contact with foreign commercial usages. He then realizes that there is often some foreign law stipulating, in a way quite alien to our own, how he may conduct his business. He may find at the start, for example, that it will pay him to operate through agents rather than to open a branch in some particular foreign country. The fact that there are foreign income taxes to pay if he opens a branch is very soon brought forcibly to his attention. He encounters a new phase of foreign legal procedure every time he makes a move outside our borders. He soon begins to look desperately around for help.

The Commercial Laws Division, under the supervision of C. J. Junkin, for several years with the legal departments of large New York banking institutions, does not give legal advice; it does not render opinions; it is not, in other words, engaged in the practice of law; but it is a specialty supply house for foreign legal data. It is a reservoir from which lawyers and others

interested in foreign jurisprudence may draw information as to what commercial laws are already in effect. It also serves as a listening post for legal changes, new decisions, and decrees.

Contact with practicing lawyers, business men, and bankers is necessarily very close. There is also close cooperation with groups of lawyers such as the Comparative Law Committee of the American Bar Association and the American Foreign Law Association. These individuals and organizations assist the Division, on occasion, by placing their entire files at the government's service. Such is the spirit of give and take that actuates the legal fraternity, and makes for complete interchange of available information.

The wide divergence between our own legal standards and those found abroad is sometimes disconcerting even to the experienced foreign trader. For example, what we consider unfair competition is in most foreign courts a question of law rather than of equity. Unless the law specifically prohibits them, these practices are generally countenanced. Note trade-marks, the protection of which abroad is one of the primary

concerns of the Commercial Laws Division. In those countries where priority of registration supersedes the more equitable rule of priority of use, it is a simple matter for any one to register a trade-mark whether he owns it or not. If he registers it before the owner, he gets the legal right to use it. He then probably offers to "assign his rights" in your own property to you for a liberal consideration! The lynx-eyed commercial attaché who religiously scans the *Official Gazette* each morning, however, usually runs across the notice of such registration. A period of a month, perhaps, is allowed by law, for the filing of protests. If the attaché ascertains that the person registering the mark does not represent the American owner, he cables the Bureau of Foreign and Domestic Commerce, which notifies the manufacturer owning the trade-mark. In most cases the attaché is authorized to protest. By prompt action of this sort many thousands of dollars in subsequent litigation have been saved American firms.

Exporting our goods abroad is not always a simple question of order filling. The foreign customer may make claims. He may claim short

shipment, or he may claim that the merchandise is not up to sample. A dispute arises, and eventually the case is brought to the Commercial Laws Division to assist in adjustment. In most instances the sums involved do not justify legal action, but the good name of American shippers is at stake in every foreign claim. Now the American shipper is by no means always a saint. He may be in the wrong, or he may be the victim of one of those professional claim-mongers who eke out precarious profits abroad through the consistent exploitation of inexperienced exporters.

Two carloads of tin mattress wire, shipped by an Ohio concern to Cuba, rusted on a lighter in Havana harbor. A dispute arose over the wording of the insurance policy taken out by the Ohio firm to cover this c.i.f. shipment. Such material is usually covered by a "particular average" clause in the insurance policy, and in this instance the Ohio firm was sued in the Cuban courts for the value of the full shipment. The Bureau's representative in Havana brought about a compromise, saving the American firm a considerable sum.

Without performing the functions of a general collection agency, these cases are handled by the Bureau with discretion. *Bona fide* disputes between reputable persons are very easily adjusted, as a rule, through the Bureau's intervention. Where arbitration fails, and where the American firm is manifestly at fault, the Federal Trade Commission is not infrequently appealed to and attempts to bring the culprit to task. Some claim cases take an unusual turn. There was an American exporter who shipped dried fruit to a Scandinavian dealer. Shortage was claimed. The amount was not large, but the exporter felt that there was something wrong. The Bureau was set to work. The attaché in the dealer's town got at the basic difficulty. Financial instability and an attempt to put off taking immediate delivery were the real reasons. The claim was a subterfuge. The attaché suggested diversion of the shipment to other importers. This advice was followed, and the problem solved. The original consignee was shortly afterward declared bankrupt, and the American exporter's experience added fresh laurels to the Bureau's reputation for effective assistance.

In this day when American ingenuity is penetrating the farthest reaches of the earth, it is no rare thing for a consul, or commercial attaché to run across most unusual and flagrant cases of the imitation of American products, even in such a simple thing as a patented pencil. The imitation was so cleverly done that it escaped detection by the casual observer, and the spurious product had almost superseded the original in a market where the patent was duly registered. A commercial attaché happened to be a user of the genuine, and he immediately knew the imitation when he chanced to see it. He ferreted out the place of manufacture, and reported the case to Washington. Back came instructions from the American firm to take all necessary steps. Vigorous representations were made by the attaché, and the spurious article came off the market. The manufacturer at home had no way of knowing, until the Bureau told him, that his product was being pirated. He had noted a decline in sales, but information as to the real reason was a revelation.

The sources of information of the Commercial Laws Division are amazingly varied. There are

the reports of consular officers, one of whose primary functions is to keep Washington posted on changes in foreign laws. Then come the reports of commercial attachés and trade commissioners who pay particular attention to commercially significant legal events. Foreign trade journals and newspapers are digested for their slightest modicum of information on law matters, and foreign law reviews and printed decisions eagerly scanned, classified, and filed. Sometimes a certain type of information is needed, which seems to be totally unavailable from any of these sources.

That regarding the foreign laws on installment sales is an instance. Ordinary channels of information were consulted in vain. A questionnaire carefully drawn so as to include every possible phase of installment-sales practice abroad was, therefore, soon on its way to all foreign offices. When the replies had been collected from some twenty-five commercially important countries, a pamphlet was published, and for ten cents every lawyer and exporter interested may obtain basic information to determine whether he can sell abroad on the installment plan in

safety. This was only one of a number of knotty foreign legal problems handled in conjunction with the Bureau's foreign staff.

It is when the exporter turns his eyes toward Tahiti, and seeks to ship bales of textiles to that remote coral strand, that he encounters the real need for expert advice. The Transportation Division, under E. S. Gregg, a trained shipping specialist, concerns itself with all the details of packing, routing, and shipping. No one knows how much pilferage has been prevented by placing in many exporters' packing rooms the Bureau's book, "Packing for Foreign Markets." To build a crate that will withstand the onerous handling of a ten-thousand mile jaunt is an art in itself. The Bureau takes cognizance that most packing-room employees will not read a ten-page description of how to do this. The Bureau says it in pictures, blue prints, and specifications. These are used profusely in describing proper export packing.

Once the goods are packed, the question of routing often causes a good deal of concern. A furniture company received an order from Liberia, for a brass bed. The money came with the

order, and all that was required was to ship the bed. The company had never done any export business and were not exactly sure where Liberia was. Some one told them about the Bureau, so they embraced what appeared a forlorn chance, and wrote to Washington. A telegraphic reply giving the name of the proper steamship company, its New York address, and the quotation on the space was the wholly unexpected, and, to them, amazing result. The wires had to be used because the only sailing to Liberia in six weeks was scheduled within a few days. The shipment caught the steamer, and another company now marvels at the ease of exporting.

Experienced exporters use the Transportation Division to check up alternative routes to a given destination, climatic conditions in out-of-the-way places, and proper packing for specific shipments.

Why do we hear so little now-a-days about poor American packing methods? Time was when no talk on export trade was complete without a thrust at our packing for export. Speakers raved about it, volumes were written on it, then discussion gradually ceased. The answer is

that a good many of the 7000 daily services of the Bureau of Foreign and Domestic Commerce are directed specifically toward a gradual and steady remedying of the few real defects. The propaganda of our competitors supplied the rest, and this has long since worn itself out. Specific advice on every phase of shipping is given. Shipments of textiles from Atlanta, Georgia, to Rivas, Nicaragua, for example, are somewhat unusual; but a reply to an inquiry about such an order just recently, suggested two possible shipping routes to the Transportation Division.

It was pointed out that one steamship company maintained direct service from Norfolk to the port of entry at San Juan del Sur, while a second maintained an indirect service from New Orleans, with transshipment at Cristobal, Panama. The second company issued through bills of lading, however, so that the shipper could take his choice. When the packing of this order was considered, the shipper was told that the twenty-one miles up country to Rivas were usually covered by cart, but by the time the shipment reached San Juan del Sur, the rainy season would make the roads impassable for carts.

Pack mules alone could then be used. Therefore the piece goods should be baled and also packed to withstand humidity, rough handling, and exposure. Such practical and specific suggestions as these are of inestimable value to exporters, old and new. They are helping us develop real export technique.

When the Bolshevists extended their sphere of influence through the Caucasus and into Georgia, they cut one of the quickest shipping routes to Persia. Just about this time an American rubber manufacturer received a good-sized Persian order for automobile tires. It was necessary to find a new route to that most inaccessible destination. The Transportation Division was appealed to, and they recommended that the goods be sent to India, transshipped from Bombay to Basra, on the Persian Gulf, and then proceed inland by motor truck. Such suggestions are part of the daily routine of the Bureau's experts, but they constitute a real and valuable service to the manufacturer.

As in the case of all the strictly technical divisions in the Bureau, larger problems in transportation share with the daily routine of

specific service in maintaining a balance between extensive and intensive activity. There was the dilemma of Pacific Coast Fruit Growers who could not get refrigeration cars during the coal and railway shopmen's strike in 1922. The Transportation Division was asked to clear the way. The results of their survey were recommendations of a fundamental character which were put into effect, and have since helped to prevent any appreciable car shortage for Pacific-Coast perishables.

Turning temporarily from fundamentals to daily service, the Division tells a New York firm how to ship goods from Alexandria to Rejaf, far up the Nile in Egypt. This advice is more than perfunctory. If speed is desired, the shipper learns, the goods must be shuttled back and forth three times between railroad and river. The second route, entirely by river, is very slow and necessitates at least one portage.

Men are routed with equal facility. An American salesman wishes to know the shortest route between Casablanca, Morocco, and Paris. The quickest and most expensive way is by airplane between Casablanca and Toulouse, then by

rail to Paris. Less speedy and more economical is the steamer route to Gibraltar, while the steamer to Marseilles is least costly of all. This spells service, but is not spectacular. It saves time and effort, but seldom shows concrete return except in individual gratitude.

The Division is making a survey of the economic aspects of the proposed Great Lakes-St. Lawrence waterway and the all-America ship canal across New York State. Many fundamental facts must be determined in each instance. The question of how much traffic would be available for either of these projected waterways has, of course, a very definite bearing upon their practical utility. The Transportation Division has facilities for determining these facts. Whether the rates can be made low enough to attract a profitable volume of cargo is also of primary importance. Such studies absorb much of the time of the Transportation Division.

Equally important was the survey of motor roads in Latin America conducted at the request of the many industries and business interests concerned with the development of better highway transportation in the southern republics. New

vistas in the markets for road-building machinery and automotive equipment were opened by this pioneer study. Nor have the railways in the Latin-American continent been neglected. Working with Bureau offices and consuls in a dozen countries, the division has gleaned for the railway-equipment industries, practical information on the location, extent, and condition of rolling stock on thousands of miles of railways south of Panama.

It is the closely-knit organization of the Bureau, with its attachés constantly alive to opportunity in every large commercial center abroad; its district and cooperative offices constantly cultivating contacts in every large city in the United States; and its corps of experts at Washington carefully coordinating the two, that renders these technical services so effective. With no other type of organization would it be possible to carry through some of the difficult pieces of work that have redounded to the credit of the Bureau. Whether it be the informal overtures made to a foreign official for the entry of merchandise held on a technicality, or the intelligent use of the cable in notifying American shippers of changing

regulations, the time element is paramount. District office managers have been known to telephone a manufacturer, within forty-eight hours of its happening, complete details regarding a sudden tariff change in Europe with a saving to him of thousands of dollars. One European country had placed heavy customs and consumption taxes on mineral oils. The commercial attaché petitioned the Ministry of Finance and Commerce for a reduction, and within a short period a ministerial decree abolished the consumption tax entirely, and reduced the duty to a nominal figure. The net result was a reduction from $12 to 50 cents a ton on imported fuel-oil taxes in that country. The effect on American sales was tremendous.

Eight thousand packages of American merchandise including tractors, shoes, hosiery, tubing, steel, and chemicals had been held at a European port for six months on a technicality concerned with import permits. Complaints besieged all of the District Offices in the United States as the goods were from many widely scattered American factories. Many appeals were made directly to Washington. The commercial attaché

and his assistants dropped everything and devoted their entire time to the matter until the goods were released.

Much quiet and unostentatious effort by an attaché, working closely with the division at home, is never heralded as a concrete accomplishment; yet without the combined effort of the two, many more obstructions would be placed in the path of the exporter. The Director of Customs of a Southern European country was about to issue a decree requiring tire manufacturers with branches in that country to furnish within a limited time a memorandum of all stocks on hand with identifying serial numbers to be checked against customs invoices. Many of these tire manufacturers maintained stocks of tires widely distributed throughout the country. Some could not have complied with the order within the time limit. The commercial attaché succeeded in having the operation of the decree postponed, and saved the tire manufacturers many thousands of dollars in fines for noncompliance.

A somewhat similar service was performed by the Paris office, in assisting Americans to obtain export licenses for goods bought in the occupied

territory of Germany. A systematic plan for releasing these goods was worked out, and the assistant commercial attaché gave his entire time to this purely negative, but highly important, work of showing American firms how to avoid loss by the proper procedure.

Technical services of a positive and tangible value are of great variety. They range from the release of $200,000 worth of American securities seized under a technicality by the Alien Property Custodian of an European country, to the exemption of a cargo of American cattle from a foot-and-mouth disease embargo, a concrete saving of $50,000. One American concern alone was saved $10,000 when a Bureau office in South America obtained a suspension from increased consular invoice fees in the case of contracts made prior to the date of the decree. Another office in the Far East put an end to the activities of a blackmailer who was attempting to hold up an American film company. The threats were based upon alleged false income-tax declarations by the company. The attaché, not satisfied with checkmating the blackmailer, went farther and convinced the authorities of the true earnings of the com-

pany, and the tax claimed by the Government was reduced $40,000.

The variety and scope of these technical services is limitless. Nothing is too complex, and nothing too difficult. The task is often thankless. Hours and days of patient work may end in barren results, or they may yield a rich harvest for the American exporter. At all events, the spirit of service that dominates the Bureau atmosphere renders every technical activity of some value. The final test is not "What does this pay?" but "How does this serve?"

CHAPTER X

DOLLARS AND CENTS RETURNS

COMMERCIAL attachés have achieved results all over the world under most trying circumstances. Penetrating all the highways and byways of trade, they have naturally encountered and overcome active opposition from our competitors. At the same time they have had to deal with the passive resistance and natural conservatism of prospective customers. In many instances Commerce officials have borne the brunt of initial trade drives that have led to the opening of new and important markets. Again they have labored incessantly for long periods with no apparent results in an endeavor to overcome some latent prejudice or insidious propaganda, only to achieve unexpected success in the end. The ten-strikes in trade promotion, however, are by no means the rule. Such results as have been attained afield are more often the reward of far-

sighted and patient plodding, than the sudden laurels of giddy genius.

The amount of painstaking assistance, for example, rendered in such an apparently simple performance as the financing of the first American raw cotton sold to Czechoslovakian spinners on credit in 1920 was fully justified by the new market opened to a sorely pressed cotton trade at home. It built up new outlets when they were most desperately needed. The initial order was small, but the whole machinery devised under expert Commerce-Department advice was so nicely adjusted that a constantly growing stream of our product flowed to the Czechoslovakian mills. All that was needed was the cutting of a few Gordian knots in financing.

Active, but informal, contact with foreign government officials has accomplished exceptional results. When Belgian officials wanted American capital and engineers to assist in the construction of a vehicular tunnel under the Scheldt at Antwerp, they approached the commercial attaché at Brussels. When a large French machinery-merchandising house, representing about sixty of the leading industrial-machinery manu-

facturers in the United States, was about to be closed by the French government as a war measure, the friendly intervention of the commercial attaché kept it open, thus saving $2,000,000 a year in export business to American manufacturers.

Our commercial attaché at Madrid, C. W. A. Veditz, in the early days of the war, not only influenced the Spanish Government to set aside 6,000,000 pesetas for the purchase of American coal, but succeeded in having the Spanish embargo lifted on much-needed potash exports to the United States. Three years later, his successor, Chester Lloyd Jones, was responsible for getting an important concession for a New York Company to work the potash deposits north of Barcelona. That was at a time when we sorely needed potash.

Some of these achievements have required the utmost exercise of tact and discretion. The Trade Commissioner at Prague just after the war, assisted an American company in regaining possession of twenty-seven pieces of machinery held by the Czechoslovak government as part of the inheritance from the Austrian regime. The

machinery while in technical possession of the government, was the property of the American company; but only through the exercise of the utmost discretion was the Ministry of National Defense convinced of the equity of the American claim. Overtures through more formal channels would have hopelessly complicated the matter, but informal contact accomplished results.

Somewhat comparable to this was the feat of a Trade Commissioner in another newly created European state, who had to convince the State Railways that thirty-seven tank cars, in which the government was shipping our competitors' oil, did not really belong to the state. They were the property of an American company, and were finally restored.

Such specific instances of material aid to American export trade could be multiplied almost indefinitely. Commercial attachés do not spend all their time in the ante-rooms of foreign ministers of state pleading the cause of some American commercial client. Not so long ago a Trade Commissioner, whose mission it was to investigate the markets for agricultural implements, visited a large estate in the Argentine.

He happened to hear of a new American plow on a neighboring estate that was not giving satisfaction. It was not his function to render repair service for American plow manufacturers abroad, but he happened to be a practical mechanic. When he went over and saw that the plow was being used just as it had been delivered and without any readjustment whatever, he took off his coat and did what was necessary. This particular "shirt-sleeve" trade promotion paid actual dividends in new orders for American plows. It also proved to the trade the practical character of Commerce-Department officials and gave this Trade Commissioner an entré ordinarily closed to the academic investigator.

Sometimes, unexpected results come from an unwise adaptation of American enterprise. One such was witnessed by a Commerce official in the Orient. For many years American companies have sold cigarettes and other cheap commodities in the Far East by means of spectacular street parades and other "ballyhoo" performances. A near relative of the two native owners of a newly established cigarette company died. They decided to put to practical use the lavish sums every

Oriental must expend on a funeral. They had observed the selling methods of American cigarette firms. The gaudy flags and decorations that they must display on this eventful occasion should now be put to practical use. The clanking cymbals and shrieking horns ordinarily used to drive away evil spirits should attract attention at the same time to their cigarette. The weird *papier maché* figures leading the spirit to heaven should bear the slogan of the earthly product of his relatives. What would be simpler? Their American competitors had used parades and processions and loud noise to good advantage in pushing cigarette sales, and now they decided to follow suit.

The results, however, were not entirely successful. The zeal of the advertising manager was so great that the original purpose of the procession vanished. The plea for cigarettes was everywhere. The crowds took it for another advertising parade and wondered when the free samples would be distributed. When the casket finally appeared amidst a flood of blatant, ear-splitting din surrounded by gaudy advertisements, their sensibilities were sorely wounded.

Commercial attachés are often successful in bringing foreign resources and industrial opportunities to the attention of American capital. Here the Commerce official performs a double service, for not only is American money supplied a profitable outlet, but noncompetitive foreign raw materials needed in our industries are often developed. They help to widen competition and lower prices. It was when the war created a great demand for many of the rarer minerals, such as tungsten, molybdenum, and antimony that foreign owners of potential mines everywhere flocked to our commercial attachés with all sorts of development schemes. Some of these held great merit, but many of them were wild. How to distinguish between the sheep and the goats was a problem that perplexed many a conscientious attaché; but not William F. Montavon, whose field covered Peru, Bolivia, and Ecuador.

One persistent promoter, a man who possessed a considerable fortune of his own, gave the attaché a great deal of trouble by insisting on a presentation of his schemes through the American official, to New York bankers. Finally, not wishing to pass judgment on the projects in their

undeveloped state, Montavon suggested that the promoter transfer his mine into a going concern, even on a small scale, and thus make it more attractive to the American investors. When the promoter found that he might have to mortgage his vineyard, and incur some real risk himself, he desisted in his efforts. The attaché earned a reputation as being "hard-boiled," but the proposals that came to his office thereafter were more sober.

Getting results under every conceivable difficulty, in surroundings and under conditions that would discourage a less-virile and aggressive service, is the experience of many of the trade envoys. When Donald L. Breed was detailed as assistant commercial attaché to Prague, in 1920, he was forced to occupy, as an office, a couple of tiny cubicles in a side street. This narrow street bore the suggestive name of *Jama,* a Czech word meaning "hole" or "trench." The place was twenty feet wide, and the office of the attaché, one flight up, received the sunlight only a few minutes each day. Even the electric light, under a newly organized municipal power plant, was fitful and unreliable. The winding stone

stairs that led to the office were clammy, and the long, tiled corridor connecting the office with the street door, seemed full of strange shapes, odd sounds, and peculiar odors. But this was the only office to be found in those hectic post-armistice days. Of the two other places available, one was over a baker's shop, and at the door of the third a goat had met the official seeker after office space. He concluded that this was no place to house Uncle Sam's commercial drive for Czech trade.

In such surroundings, the attaché was forced to work for a whole year; but American business was kept informed of the constantly changing conditions in Czechoslovakia. Information had to be combed from newly created bureaus struggling with insufficient appropriations and inexperienced personnel. If he asked for import or export figures on raw cotton, the officials might politely reply that cotton figures were not available, but that wool figures could be had. Statistics covering the infant state had to be assembled from so many of its former constituent parts, that compiling textile information, for example, took

all the imagination, and required all the skill of a jig-saw puzzle solution.

Trade-promotion work required much caution and tact, for the place was full of so-called "trade opportunists." In reality, with the currency fluctuating so rapidly, the credit of these seekers after American goods was always open to question, and sellers of local products were never certain of their delivery dates. Perhaps, at a crucial moment, one of the essential raw materials necessary for fulfilling a contract might fail, or a strike upset all calculations. Added to this, the coal supply was uncertain because of a shortage of cars.

By far the greatest source of worry for our official promoters of trade, however, was the commercial mountebank. These gentry, some of them plain swindlers, were of all nationalities. They often festooned themselves and their premises with the Stars and Stripes, and gave their companies high-sounding and important names. The attaché was kept busy warning American manufacturers about them. One gentleman of pleasing personality and agreeable manners manifested great interest in buying machinery from

America. He brought, strangely enough, excellent references. He was ready to do business. He wanted prices and delivery dates. Could he however, consult a few catalogues? The attaché supplied him with a good deal of American trade literature, replete with cuts and designs of American machinery. A few days later the wary official trade scout manifested curiosity. He decided to visit unannounced the offices of this prospective customer for our equipment. They were located finally, in a small machine shop where this pleasing personality had been making imitations of American machines for a number of years. Naturally, his supply of catalogues was cut off and manufacturers at home were promptly notified.

As a rule, American business is not given to fulsome praise. In the files of the Bureau at Washington, however, are literally thousands of spontaneous testimonials to the skill, acumen and effectiveness of America's ambassadors of trade. Each one of them signifies a definite result obtained by America's foreign-commerce cohorts.

There were certain British and Belgian banking syndicates who made suggestions to the Ar-

gentine government for loans for public works in the Argentine. Acting Commercial Attaché Brady immediately suggested to the Minister of Public Works, that American bankers might also be interested in financing the Argentine government's public-works programme. In fact, several local representatives of American bankers had been endeavoring for many months to establish relations with the Argentine government for public-works contracts. On the whole, good progress had been made, but there had been somewhat of a setback because of the difficulties which the Argentine government encountered with some of their loans from the United States. For a time it looked as though there were serious doubts as to whether American bankers would be able to do any government business with the Argentine. This, of course, would have had a rather unfavorable reaction upon negotiations for other public-works business that American concerns were conducting with the government.

Just when the American bankers' representatives were about to pack up their trunks and go home, came the negotiations with the European bankers. Brady's assistance was asked to ascer-

tain the details of the European offer. He learned that the European proposals were coupled with a condition that the proceeds of the loan were to be spent for materials and equipment from Europe, and that a large percentage of the work was to be done by contractors associated with the group making the offer. This was the joker.

The display of interest by the commercial attaché, implying as it did the probable interest of American bankers and business concerns in the government's public-works programme showed the Argentine officials that the Yankees were anxious to negotiate new and profitable business, and they were consequently assured of an equal opportunity with all others to finance this work.

Most of the letters mention specific sums that have been saved or made by some concrete activity of a commercial attaché.

A safety-appliance company in Philadelphia received a list of the leading Japanese gas manufacturers from the commercial attaché at Tokyo. They sent out their bulletin, and at the time of writing had done a substantial business.

A well-known purveyor of American soft drinks went to Cuba, strange as it may appear, to open up distribution for his product. He had only a short time on the island, but testified that through the initiative of the commercial attaché, he was able to complete his arrangements in record time.

One of the last things one would expect to find effectively marketed in China is breakfast food. Yet, judging from one missive that came to my attention on the letterhead of a world-famous cereal manufacturer, our attaché at Peking has been doing some unusually fine pioneering work. Through his efforts the Chinese have been initiated into all the mysteries of scientifically prepared cereals.

An exporter of evaporated vegetables and fruits in San Francisco testified that over 40 per cent of his business abroad was traceable to Commerce-Department trade opportunities, while a St. Louis milling company has gone on record to the effect that they have secured a dozen connections in Latin America through the Bureau, not one of them proving a disappointment.

Were the free service in trade promotion furn-

ished by the Department of Commerce ever advertised, the publication of all these testimonials would arouse the American exporter to greater participation in the facilities offered by the government for extending markets abroad. As it is, only a very small percentage of our manufacturers realize the assistance that is furnished by the government in every step of the export transaction.

I ran through the "Dollars and Cents File" at the Bureau, with the help of an adding machine. The actual testimonials of 175 firms showed that they had gotten $72,847,793.16 worth of business abroad in nine months of 1925. The list ranged all the way from the assistance rendered in landing a $15,000,000 contract for waterworks for the Bulgarian government, to the securing of an order for $173.49 worth of rubber toys by a Ravenna, Ohio, manufacturer through Carl J. Mayer, our commercial attaché at Riga. The mere summarized statement of these financial results over a period of nine months covers fourteen typewritten pages, single spaced, and each line ends in a dollar mark.

Some of the most gratifying testimonials to

the Bureau's success have come from entirely unexpected quarters. The president of a large corporation testified before the Foreign Trade Club of California that one company had kept accurate records of the sources of their new export orders. They found that 20 per cent of their business had been secured through the cooperation of the Bureau of Foreign and Domestic Commerce. The company had done a million dollars worth of new business in nine months. Their shipments had gone forward to forty-one different countries. The business obtained through the Bureau was nearly twice that stirred up by their over-sea salesmen; more than twice the amount they got from advertising in foreign publications; and three times the sales credited to advertising at home. When the profit on each category was calculated on the sums spent to secure it, the business done through the Bureau of Foreign and Domestic Commerce showed a profit of 20,000 per cent on outlay.

No commentary on the concrete accomplishments of the foreign-commerce service would be complete without an account of the accurate check being kept on the European cereal markets.

In 1923, when our wheat growers found the European situation becoming more critical every day, the Bureau cast around for a practical grain man who could give special attention to that area. H. B. Smith was selected because he had been in the grain business before the war, and was associated with the United States Grain Corporation immediately after. He established headquarters in London, because it offered advantages as a center of communication. He was to investigate and report on European cereal markets as a whole. He was also to synchronize into a periodic report all the scattered information on the European demand for cereals, so that the grain trade at home would have a single, centralized source of reliable, accurate, and timely information.

Within two months his organization was functioning, and he was receiving regular reports from all the Bureau's European offices in every important European country. Timely data on Europe's crop production and import needs began to flow into London, where they were consolidated and cabled to Washington.

The value of this efficient and periodic picture of Europe's food needs was at once apparent.

With the whole of Europe to draw upon, the Bureau's trained observers in London have known, months in advance of the straggling foreign official compilations, the approximate yield of European crops. The American grain trade has thus been able to judge, within a very close margin, what Europe's import needs are likely to be. The grain trade, as well as the farmer, has also been able to know the size and the location of competitive surpluses of grain.

To be specific, the European harvest of both wheat and rye in the fall of 1924 showed a distinct shortage in both crops. World wheat prices immediately advanced, but rye prices were slow to respond. With the general shortage in world wheat, it was instantly apparent to Bureau experts that Europe would need substantial quantities of rye. Rye had been quoted 40 cents on the bushel under wheat. Cabled warnings of this discrepancy were sent to Washington. Rye prices stiffened as rye growers realized their position. In less than eight weeks rye was within 20 cents of wheat.

In 1926 the improved crop situation in Europe had a bearish influence on world cereal values.

The Bureau's cereal service in Europe had information that the old-crop grain carryover was precariously low. There was also considerable evidence to Bureau representatives on the ground that European importers were overestimating effective supply from European and Russian sources. Later developments fully demonstrated the accuracy of these forecasts. Russia practically disappeared as a factor in the world grain trade, and estimates of Europe's probable needs are steadily rising. This larger European import demand, resulting in better prices for American wheat, had already been fully predicted to the American farmer.

It is no more than fitting that Mr. Hoover's estimate of the future of our foreign trade should round out this narrative of our official trade quest and its results. Speaking before the Export Managers' Club, on March 16, 1926, the Secretary of Commerce pointed out the real purpose behind the government's active promotion of foreign commerce as follows:

"Foreign trade has become a vital part of the whole modern economic system. The war brought into high relief the utter dependence of the life

of nations upon it. The major strategy of war is to crush the enemy by depriving him of it. In peace times our exports and imports are the margins upon which our well-being depends. The export of our surplus enables us to use in full our resources and energy. The creation of a wider range of customers to each production unit gives to that unit greater stability in production and greater security to the workers.

"We may quite well view our exports from the other side of the trade balance sheet. They enable us to purchase and import those goods and raw materials which we cannot produce ourselves. We could probably get along as a nation if we had to suppress the 7 to 10 per cent of our production which goes to export, but our standard of living and much of the joy of living are absolutely dependent upon certain import commodities. We could not carry on our material civilization without some of the fibers, rubber, and some metals. The prosperity of our people in many ways can be measured by the volume of imports.

"As the whole world increases in population and as its standards of living grow with every

scientific invention, with every better utilization in national resources, with every step of education and desire, so does all international trade increase. Steam, electricity, the internal-combustion engine, and what not—have, all of them, increased the productivity of people, expanded their needs for imports. For decades, or for centuries, for that matter, the aggregate foreign trade of the world has grown bigger and bigger. The World War set us back, but the upward movement is now resumed. We will have our share of it. In fact, a considerable part of the imports of each nation—and therefore the trade of the world—is goods which a nation cannot itself well produce. This sort of trade interlocks the whole world, and increases automatically with increasing population and increasing standards of living. By our own prosperity we have increased the exports to us of other nations by 60 per cent in volume in twelve years. The great problem in our foreign trade, however, is the export of competitive goods. If we are intelligent, we should be able to command our share of these products."

CHAPTER XI

THE MENACE OF MONOPOLY

SELLING and exporting are only half the story of our commercial exploits. Buying and importing are the other half. Our huge imports of raw materials make foreign selling of our own commodities essential. Likewise, the promotion of export trade cannot be carried very far without involving, to some extent, our status as buyers. What we buy abroad, and how much we pay for it, eventually become as essential to our well-being as how much we sell.

The Department of Commerce has not been negligent of its duty in respect to imports. The mere fact that most of our imports are raw materials, and are duty-free does not relieve the government of all responsibility. The price we pay as consumers is a matter of concern to all of us. The Department has very properly conceived one of its functions to be that of protect-

ing the consumer of these raw materials from extortionate prices due to monopolistic control by foreign governments.

Everyone thought that the world had outgrown official control of raw materials when the immediate war-time necessity for such control passed. Now peace-time control of raw materials by governments, opens up a whole new series of fundamental questions of serious international importance. It leads to a pertinent observation.

When you examine this still-troubled universe, and especially the European wing of it, you discover that a curious paradox obtains. It lies in the fact that certain elements have not functioned true to form.

First came oil, generally believed to be the one certain allayer of troubled waters. Instead, it developed into such an international irritant, that Foreign Offices have been more concerned about the stewardship of petroleum sources than about mandates and armaments. Oil has clogged the machinery of diplomacy.

It proved to be the prelude to another disconcerting phenomenon big with significance for us. Rubber, generally a cushion, has figuratively

failed of its proverbial purpose. The crisis over what the American manufacturer, who consumes more than 70 per cent of the entire supply, regarded as an excessive price, due to British official control, brought the two main branches of the industry into sharp and acrimonious conflict. Crude rubber was, and remains, everything but an elastic proposition so far as stabilization of consumer cost is concerned.

The rubber impasse, however, did much more than air the differences between seller and buyer. It brought home the acute realization of our dependence upon foreign sources of supply for various commodities necessary to the conduct of our life and industry. Whether we get a raw deal in raw materials is not the point. The larger fact is that alien monopolies, whether direct or virtual, exist in them, and they touch every American regardless of his social or fiscal status.

Few stop to appreciate the extent of this material subserviency, for such it is. A concrete revelation of it is a jolt to our chronic obsession of self-sufficiency. We are so accustomed to point with that well-known pleasurable pride indulged in by after-dinner orators to our vast cot-

ton, wheat, and corn crops and likewise to our immense reserve of copper, oil, and iron, that we fail to comprehend the part other necessary products, which we neither mine, grow, nor dominate, play in our lives.

The daily ride that we take in motor-car or omnibus, the coffee we drink, the quinine that relieves our colds, the tanning extract in the shoes we wear, the silk that adorns our persons, the pepper that makes our food palatable, the nitrates for our gunpowder, the potash for our farms, the iodine that heals our wounds—I have indicated only the major ones—alone roll up the tidy tribute of $800,000,000 which we pay each year to foreign monopolies or controls of some kind. Our total annual payment for materials that are controlled, or could be manipulated under some kind of governmental supervision, is more than $2,000,000,000.

A rising price in any of these imports penetrates to the humblest American farm and fireside, and penalizes the family budget. The slightest fluctuation in the cost of sisal, the fiber from which twine is made, means an increased burden upon our agriculturists, and, therefore,

upon the consumers of bread. But the domestic side is only one phase of the picture, because the manufacturer gets the reaction as well. He is unable to regulate his business adequately when the policy of some government dictates the destiny of the raw materials he must employ. In the case of rubber, an artificial shortage was created by the legislative decree embodied in the so-called Stevenson Act. In consequence, what was regarded at the time of its inception as a fair price, 36 cents a pound, expanded to the inflated rate of $1.21 a pound. Yet under the same control, it went down to 20 cents a pound in London.

Though these wide extremes were not due to any premeditated action on the part of the British growers, they did result from the shrinkage of stocks which followed the operation of restriction, and these stocks are, when all is said and done, the safety valve of the business. Obviously, such procedure, when investment in raw material reaches large sums—our bill for crude rubber in 1925 was not far under the $500,000,000 mark—is likely to imperil an enterprise no matter how strongly it is financially intrenched.

For years we followed the line of least resistance in this matter of foreign manipulation of essential commodities. One reason was that in the main we are a complacent people. Another grew out of the bountiful prosperity that fattened the pay envelope everywhere. We seldom demurred even at a gouge.

Occasionally, as was the case with coffee, protest arose. We knew all along that the valorization of the São Paulo product, one of the finest little copper-riveted trusts in the world, was the creation of the government which kept millions of bags of the bean out of the market, and thereby maintained an excessive price. When that price got too high, what amounted to a buyers' strike throughout the United States was declared, and a boycott impended. Consumption fell 20 per cent.

The coffee situation was not difficult to meet, because there are various substitutes. Not so with rubber. The long dream of a synthetic article, which will mean a super rajah's ransom for the lucky discoverer, continues unfulfilled for all practical purposes. Science is still in the dark regarding the understudy for the latex, or milk,

that flows from the rubber tree which, when smoked, becomes the much-desired crude. Meanwhile, to make tires, you must have the real thing. Not only is it grown outside American confines, whether in the East or the West, but the bulk of the production is under the British flag, subject to restriction as to release of crop. As I have just said, we can dispense with coffee if we must, for there are a number of substitutes. On the other hand, we cannot do without rubber, and here is where the squeeze comes in.

Just how imperative our need of it is you gather from the well-known fact that there is approximately an automobile for every six persons in the United States, and therefore the spectacle of a Yankee world pneumatically awheel. So largely has the motor truck entered into our national life that a considerable portion of our transport now depends upon some kind of tire.

Rubber need begins with the cradle and ends only with the grave. It is the span from the nipple on the baby's milk bottle to the last ride in the motor-hearse. Furthermore, three great American industries—rubber manufacturing, the automotive, and the oil through the gasoline

used in the automobile—depend upon the crude product. The aggregate capital invested in this trio of industries alone approximates $14,000,000,000. Then too, steel, coal as fuel, and a wide range of other productions are also linked with rubber. Thus it is not only a key industry in the fullest sense of the word, but also the Achilles' rubber heel, so to speak, in the whole structure of American industry. In plainer English, it is our most vulnerable spot.

The amazing reflection, usually arrived at when the piper has been paid—and this is notably true in the case of rubber—is that, with the dependence that I have briefly outlined, we ever permitted our supply of the crude to continue in the hands of our British cousins. We produce less than 3 per cent of the rubber we consume. It has been a costly indifference.

The trade, to be sure, has a good alibi, because it did not know from year to year what the demand would be. Had we been able to make anything like an accurate forecast, British restriction might not have worked as it did. The fundamental trouble has been that the problematical thing called "motor-car saturation" re-

mains elusive. Again, it takes not less than seven years for a rubber tree to bear commercial fruit. This fact, without any doubt, has operated against big production by Americans, who temperamentally are not addicted to long waits on invested money.

Hence, the disclosures that came with the agitation over the advance in price were eye-openers for the average American, who had heretofore renewed his tires with little thought or knowledge of where the principal material in them originated.

As a matter of fact, the Department of Commerce anticipated the rubber crisis. In 1923, less than four months after the Stevenson Act became operative, a series of raw-material surveys was inaugurated, under a special appropriation of $400,000. The major portion of the fund was devoted to rubber, because our bill for the crude was larger than any of the other controlled commodities. The story of these surveys will be told in the next chapter.

To return to the commodity crisis, it was only when Secretary of Commerce Hoover, first in a public speech at Erie, and later in testimony be-

fore Congressional hearings, arraigned alien monopolies in raw materials, using the abnormal increase in the price of crude rubber as the peg on which to hang his argument, that the fat was really in the fire.

Almost overnight everybody began to think and talk rubber. The motorist suddenly started to figure out his tire costs, and wondered where they would go. Automobile and tire manufacturers were drawn together in a community of interests such as only an emergency of this kind can evoke.

The issue is deeper and broader than the price of a particular commodity which happens to be vivid in the public mind. To quote Secretary Hoover:

"It involves the whole policy that our country shall pursue toward a comparatively new and growing menace in international commerce and relations. This development not only threatens the sane progress of the world, but contains in it great dangers to international good will."

To verify the truth of this observation, let us revert to the World War for a moment. Whatever the other contributory causes, the underly-

ing motives of the struggle that shook the world grew out of conflicting ambitions for the political control of the industrial weapon, chief of which is raw materials. It was not only the sentiment involved in the loss of Alsace and Lorraine that sowed the seeds of hate and the desire for revenge in the French. Rather was it also inspired to no inconsiderable degree by the stories of steel and potash in the lost provinces. Germany was mad with what was nothing less than lust for international economic prestige. That well-known place in the world sun had to be consolidated at any cost.

In war as in peace, the acute need is for raw products. It was the breakdown on her economic front, first due to lack of food, but also to a dearth of rubber and copper, that forced the old Hohenzollern Empire to its knees. During our Civil War, England was hard put for cotton because of the blockade in the South.

Rubber, despite the price we paid for the knowledge, has served the purpose of arousing us to our dependence upon foreign sources for many of the essential materials we use.

Here is a proposition of supreme significance

to our future productive machine. To illustrate: A reduction of 8 cents in the price of coffee means an annual saving to our householders of more than $110,000,000. A decrease of 25 cents a pound in rubber, based on our annual consumption of 900,000,000 pounds, conserves $225,000,000. If we could produce enough rubber to influence the market—it is estimated that 100,000 tons would do the job—there would be an end of the restriction that has taken such costly toll and wrought so much misunderstanding.

Fully to comprehend what has happened in rubber, which is merely the symbol of a varied and widespread operation, we must analyze the various kinds of monopolistic activity which extend in one form or another to so many commodities. Whether these stewardships are direct, such as exist as far as the bulk of output is concerned in rubber, potash, nitrates, and iodine; virtual, as obtains in Mexican sisal; or through benevolent governmental policies, such as the direction over Japanese raw silk—the result is usually identical. By any other name, official interference with the law of demand and supply operates just the same. In the end it almost in-

variably means high prices, which stifle consumption, reduce standards of living, and impair production.

The one logical justification for control is war-time expediency. It is an inevitable step to counteract economic distortion, to prevent hoarding and profiteering, and to stimulate output not only in the necessities of life but the materials for national defense. There is no idea then of restriction save to avoid waste and extravagance. In the natural course of events, or rather at the conclusion of unnatural events such as war, control should logically end.

The controls that now exist are, with few exceptions, notably Brazilian coffee, which began with a restriction of planting in 1902, the creation of the last few years, and have been devised principally to advance prices through limited production or release of output. Rubber is only one instance.

These controls take various forms. A few will be outlined to show just how they function. The most spectacular, as far as the limelight is concerned, and the one that was brought home vividly to the American people, is in rubber. In

the passion engendered over what has been indicated as "restraint of trade enforced by government decree," as one Englishman put it, all idea of the original purpose of British restriction has been lost.

Rubber restriction resulted from a temporary condition of oversupply of crude, following the deflation which came with the puncturing of the post-war boom. Three years of overproduction, with large stocks in London, brought the price down to fourteen cents a pound in 1921. This was far below cost of production. The planter-growers faced ruin, because, unlike conditions in wheat or corn cultivation where nonplanting will effectively meet such a situation, the plantation investment and overhead cost go on just the same.

Following the failure of an attempt to bring about voluntary restriction of export, and after protracted inquiry on the part of special government committees, chief of which was the Stevenson Committee at the Colonial Office, it was decided that the government must help the industry to save itself by regulating exports under what is known as the "Stevenson scheme." The

operation of this scheme, or rather the consequences, precipitated the controversy which is still so fresh in the public mind.

The object of British restriction was to stabilize the price of crude rubber at roughly thirty-six cents a pound, which was fixed as the rate which would not only give a satisfactory profit to the producer, but also stimulate the investment of new capital in the planting of additional acreage. Stated in the briefest terms, the scheme took the actual output of each producer for the year beginning November 1, 1919, as his standard production. During the first quarter of the operation of the scheme each producer was permitted to export at the low minimum rate of export duty only 60 per cent of his standard production. If he exceeded that percentage, he was required to pay what would prove to be a prohibitive duty. The more the amount exported exceeded the prescribed percentage, the higher was his duty. I refer to this to show that no planter could afford to exceed his quota of export.

The amount of rubber exported depends upon the market price. If the average price for a cer-

tain quarter is between thirty and thirty-six cents a pound, the exportable percentage during the following quarter at the minimum rate of duty is increased 5 per cent. If the price is thirty-six cents or over, the prescribed percentage is increased 10 per cent. The plan eventually brought exports up to 85 per cent of the total standard production by the end of 1925. On February 1, 1926, prices had advanced so that the full 100 per cent of standard production was permitted. In May 1926 the British announced a tightening of restriction in case the price went under 42 cents a pound. This means that there will be no relief from the operation of the Stevenson scheme.

On the other hand, the scheme decrees that if the average price falls below twenty-five cents a pound, the exportable percentage is decreased to 55 per cent of the standard production. If that reduction does not raise the average to thirty cents in the next quarter, a further reduction to 50 per cent in export becomes effective, and so on.

The Stevenson scheme went into operation November 21, 1922. With the depletion of ac-

cumulated stocks, together with an unprecedented demand for rubber, the inevitable happened. As I have already indicated, the price since May, 1924 has ranged from 20 cents a pound to $1.21. Obviously, restriction has not brought about stabilization of price, nor has it effected anything like normalcy of supply, because the British were forced to institute restriction without the cooperation of the Dutch, who produce about 29 per cent of the Middle-East output. This Dutch output complicates the situation.

One factor already alluded to, but which must be repeated because it bears on this vital matter, has been the phenomenal increase in rubber consumption. It has expanded so rapidly that the manufacturer has been at a loss to know what he needed. I interpolate it here to offset the British argument that we should have bought big stocks of rubber when the price was low. Less than fifteen years ago, our requirements were 40,000 tons a year, while our actual consumption in 1925 was 390,000 tons. The contributing factors have been the astounding production of motor-cars, increased use of trucks and buses, and of balloon

tires, which consume one-third more crude than high-pressure tires.

The American contention is that release has not responded quickly enough to price. If the increase comes one day after the beginning of a new quarter, there is no release under it until the following quarter. During the latter part of 1925, with a price increase of more than 200 per cent, there was a release increase of only 20 per cent. This is why our side of the Atlantic maintains that rubber restriction is inelastic.

Rubber restriction was devised primarily as a measure of self-preservation for the British planter. Not so with the Brazilian coffee monopoly. It was conceived to exercise, frankly and unashamed, all the power that governmental control could mobilize to maintain an artificially high price. Hence with coffee, we encounter control through valorization.

Valorization means the entrance of the government—in this case it happened to be that of the powerful state of São Paulo—into the coffee market, on a scale which enables it to control the price of the commodity. An official price is fixed at a rate higher than the prevailing market. In

order to maintain its control, the government purchases options, segregates stocks at a series of warehouses in the interior, and regulates the flow of the product at Santos, the principal port of shipment. Thus a congestion of stocks, which would naturally depress price, is prevented. Before valorization, about 85 per cent of the new crop got into Santos within six months after it was picked. Under valorization, years may elapse before this happens.

The Brazilian scheme, which is now in the hands of an Institute for the Permanent Defense of Coffee, enables the government to acquire enough of every current crop to dominate the world markets. When stocks of the consuming countries are sufficiently low, it can force buying at prices highly profitable to the Brazilian grower.

As was the case with our tire manufacturers during the peak of rubber price inflation, persistent valorization of coffee has intermittently created ferment in the business. The coffee roaster does not belie his name when he expresses himself about the ethics of the São Paulo monopoly. It is just one other evidence of the discon-

tent and ill will that government control of commodities almost invariably begets.

Another, but none the less arbitrary, control is in Chilean nitrates, in which the government is an accessory before and after the fact, as it were. Nature also has contributed to this trust, because the world's entire supply of nitrate of soda lies practically within the confines of Chile. Eighty per cent of the output is used as fertilizer, while the rest is employed in the manufacture of explosives, dyestuffs, and other products of the chemical industry.

The nitrate monopoly operates through the Nitrate Producers' Association, which not only fixes the price, but allocates sales. The buyer, no matter where he may live, does not do business with the individual or firm engaged in mining nitrate, but with this association. The Chilean government is a partner in that it exacts a high export duty—it approximates 20 per cent of the sales price—on every ton, because there is practically no consumption inside the land of origin. The state is represented on the board of directors of the association.

Closely linked with Chilean nitrates is another

perfect little monopoly in a highly useful article. I refer to iodine, a by-product in the refining of *caliche,* the raw material from which the nitrate of soda is extracted. Its production is controlled by a close combination under governmental auspices to such an extent that any iodine producer who should attempt to remain outside it would face ruin. The combine assigns production quotas, regulates exportation, establishes prices, and supervises sales. A considerable portion of the nitrate from which iodine is produced is allowed to go to waste in order to keep up the price.

To round out this explanation of the various kinds of more or less government control of essential raw materials, I must refer briefly to the Franco-German potash combine, which presents still another variety of monopoly.

Before the World War, Germany practically dominated the entire potash output through her Potash Syndicate. The owners of all the mines of any consequence were allied with it. The syndicate fixed prices and regulated production, with the aid and consent of the old imperial government.

This joyous state of affairs came to an abrupt end with the Versailles Treaty, which restored Alsace and Lorraine to France. A large part of the old German potash holdings are in Alsace. The French immediately got busy, and literally planted Alsace potash throughout the world, especially in the United States, which has been a good customer for the old German article.

This did not appeal especially to the Germans. After a series of negotiations, a working arrangement was effected in 1924 by which they would share the American market with the French on a 63-37 per cent basis, they to have the big end. This proved so successful that in 1925 the agreement was expanded to cover the whole world. Germany has 70 per cent of the business and France 30 per cent. The original American quota agreed on remains in force, however. Thus the pre-war potash monopoly has been re-established in full force.

Rubber, coffee, nitrates, and potash are only four among many materials subject to control or monopoly, all of which affect American production and consumption in some way. Take long-staple cotton, over which the Egyptian

(*Left*)—JULEAN ARNOLD (*standing*) AND PARTY IN PEKING. (*Right*)—TRADE COMMISSIONER AXEL H. OXHOLM, IN THE SAHARA DESERT

government exercises a supervision which has the effect of limiting and increasing the price abroad. We import practically all our long-staple from Egypt, the cost averaging $20,000,000 a year. Thus we find ourselves in competition with the Egyptian administration. The land of the Pharaohs is no stranger to restriction, because in 1915 and in 1921 cotton acreage under cultivation was limited by decree.

The sisal monopoly, which so intimately touches our bread consumption, because the farmers must have their binder twine, is almost air tight. The crop is controlled through a combination of producers re-enforced by legislative action of the Yucatan government. Because of governmental control, the price has ranged from two and a half cents to twenty-three and a half cents a pound in a single year.

Wherever you turn in an examination of many essential products which we use in huge quantities, you find an astounding dependency upon foreign sources. We consumed 76,000 tons of tin last year, yet we produced only 5 per cent of what we used. Some years ago the British government imposed a high duty on the export of tin

ore from Malaya, thus concentrating the smelting of tin in their Far-Eastern dependency. We are easily the largest purchasers of this product.

We have even a greater dependency on quebracho, the extract used in tanning leather, the main source of which is Argentina. Just how vital this product becomes is seen from the fact that we manufacture more leather goods than any other country, and are the foremost contributor to the leather requirements of all civilized nations. Yet the quebracho industry is strictly monopolistic in character, and is controlled by powerful and highly organized concerns that conduct the business on prearranged lines. The forests of quebracho wood, from which the extract is obtained, in the province of Santa Fé, belong entirely to two such firms.

We are equally dependent upon foreign sources for mercury, camphor, pepper, quinine, citric acid, pulpwood, raw silk, shellac, ammonium nitrate, palm oil, antimony, tungsten, vanadium, nickel, cacao, platinum, tea, Chinese wood oil for varnish, jute, and burlap, all of which present possibilities for further alien monopolies.

The potentialities for interference, by the Japanese government, in raw silk are great, as we have discovered from time to time. Whenever the price drops, the Imperial Silk Corporation, or some other nationally subsidized concern, steps in and buys heavily to shove up the price. Our silk industry, which represents an investment of considerably more than $500,000,000, has sought to encourage an independent source of supply in China. It is worth noting that at one time the Japanese, through their dominance in the matter of the raw product, started to enter the manufacturing end as well.

All this world-wide control of essential commodities leads to two things. One is to restrict exports or, as has been well said, "to establish a unity in selling against the competition of buyers." Behind and beyond this is the speculation which inevitably results. The abnormal increase in the price of rubber was due not only to the inelasticity of the Stevenson Act, but also to the fact that speculators, capitalizing the prevailing runaway market, got supplies of the actual article, and squeezed the little fellow who had to have it. The big manufacturers who had

what the British called forward contracts—we term them futures—were mostly to the good because they were made months ahead at lower rates. Here you again have the old story of the average person, whether consumer or producer, who gets the hot end.

One further fact is worth recording. Few of the controlled commodities have their origin in the great industrial nations. The coffee monopoly is in Brazil; the sisal, in Mexico; the nitrates, in Chile; the camphor, in Japan and Formosa; and long-staple cotton, in Egypt.

Let me now present the price phase of all this commodity control. I will take two groups of commodities. The first list will deal with those under actual monopoly or control, and includes rubber, sisal, coffee, long-staple cotton, iodine, citrate of lime, camphor, nitrates, potash, citric acid, and mercury. The total bill for them in 1925 was $830,166,000. They constituted 19.6 per cent of our total imports.

The second group includes seventy-two articles, ranging from raw silk and quebracho, to pepper and tin. The cost for 1925 was $1,264,274,000. This group accounted for 29.9 per cent

of our imports. The two groups roll up the impressive total value of $2,094,440,000 and constitute 49.5 per cent of all our imports.

It is safe to assume that the extraordinary rise in rubber in 1925 would probably have been accepted as an ordinary market episode without criticism if it had not been tied up to official action. The British cotton-goods industry has never rebelled at an advance in the cost of the raw staple, simply because the price had no connection with any kind of national supervision. Under the free play of the law of demand and supply, prices rise, but no feeling is engendered because the high price usually stimulates production, and relief is almost automatically inevitable. On the other hand, with controlled production, the natural ebb and flow of economic forces are stifled.

There is still another dangerous by-product of control. It lies in the possibilities for political manipulation. If the present systems continue, the result, to quote an observer, "will be a world in which governments are engaged in negotiating and jockeying to procure favored positions in the

distribution of the very life blood of industry and of the necessities of everyday life."

One further consequence of control remains to be outlined. It is embodied in the defense that manufacturers and consumers are erecting against excessive price and limited output. Range the whole field of monopoly, and you discover that many of the arbitrary institutions to restrict price and output are slowly but surely developing into Frankensteins that will eventually destroy themselves. It is the usual result of overplaying the game.

What might be called the phenomenon of retribution in the overplay of monopoly is aptly illustrated in the decline in our imports of Brazilian coffee. In 1910, 78 per cent of our coffee came from Brazil, and only 6 per cent from Colombia. At the time I write, the Brazilian percentage has fallen to 67 per cent while our consumption of the Colombian product has risen to 17. While Brazil marks time because of growing opposition to her valorization procedure, the rest of the coffee world, which believes in unrestricted sale, climbs steadily upward and onward.

The protest against monopoly takes various forms. As is the case with both rubber and coffee, the consumer is resorting to every device to restrict his use of the product. The coffee-drinker either makes his supply last longer than ever before, or turns to tea, cocoa, or other substitutes. The motorist patches his tires. The tire manufacturer concentrates on the reclamation of old rubber.

What is true of rubber and coffee is equally true of other products. The American farmer is demanding synthetic nitrates. We are seeking to establish sources of potash supply in Texas. We are giving definite encouragement to the cultivation of sisal in Cuba. We are using artificial silk to the increasing exclusion of the real thing. Thus, substitutes of one form or another are playing a big part in the drama of consumer defense.

Of course, we could take another tack. We could prohibit credits in the countries that maintain control. We could boycott the products of certain monopolies. We could set up purchasing combinations and meet the issue of a national seller with a single buyer intrenched behind unlimited capital. We could assume the lead in

organizing the world of consumption against the domain of production that enforces its arbitrary will.

But, as Mr. Hoover has pointed out on more than one occasion, such procedure means trade war, with all its possibilities for wider misunderstanding; and we want to dwell in trade peace. The way to international political harmony lies through economic accord.

In the end the larger safeguard seems to lie in the establishment of our own sources of supply wherever possible. In the case of rubber, we would learn the hazards and handicaps of the game. One result could easily be an Anglo-American cooperation to bring about the much-desired stability of output that a great industry, now so vital to life and progress, needs. We can now see just what is being accomplished in this direction.

CHAPTER XII

THE NEW COMMODITY FREEDOM

THERE were those who questioned the wisdom of the raw-material surveys in 1923. No one questioned them in 1925. The leadership of the Department of Commerce, asserted two years earlier in an enterprise entirely beyond the scope of private undertaking, had been thoroughly justified. When rubber prices rose to three times their former level, the Department presented facts to Congress. These facts were simple and to the point. The raw-material surveys not only supplied them, but became of vital assistance in the offensive for our new commodity freedom.

The Stevenson restriction worked no hardship for several years, because of accumulated stocks, evasion of the law through smuggling, and production in the nonrestricted territory. Far-seeing manufacturers, however, sensed the

ultimate danger. One of the first to protest was Harvey S. Firestone, who conducted a campaign on his own to arouse public and legislative interest. Later he interested Secretary of Commerce Hoover who said: "Let us get at the facts."

At his instigation the Congressional appropriation became available for a thorough study of rubber and other essential materials in all parts of the world with a view of discovering possibilities for independent cultivation. A crude-rubber section was organized in the Bureau of Foreign and Domestic Commerce under the direction of H. N. Whitford, who had been attached to the Yale School of Tropical Forestry.

As soon as the funds were available, the Department launched the crude-rubber campaign. It developed along three lines. The first embodied a study of rubber production on the plantations of the Middle East. The second was a survey of the possibilities of competitive rubber growing in other regions. The third embraced other measures of relief available to American consumers as a protection against the excessive prices brought about by monopoly and control.

The largest interest attached to the rubber surveys which, so far as Central and South America were concerned, developed into pure exploration. John C. Treadwell headed the Central-American party. He was accompanied by H. H. Bennett, of the Bureau of Soils of the Department of Agriculture. The primary object of their search was for districts where the *Hevea Brasiliensis* rubber trees were already growing or could be grown. This is the plantation species—the seeds of which Sir Henry Wickham smuggled out of Brazil.

The Amazon expedition was led by W. L. Schurz, and covered 20,000 miles, most of it by river steamers, launches, barges, and dugouts. No other expedition ever covered so much of the Amazon Valley. The members endured tremendous hardships. They were very nearly lost in a labyrinth of alligator-infested streams. They met all of the deadly terrors of the jungle; saw-toothed fish attacked them; many of the places where they were forced to live were infested with poisonous snakes; insects made their lives one long torture; but the record of their experiences is a story of real accomplishment.

The Philippine party, in charge of C. F. Vance, landed in Manila, and, after studying and compiling legal and tax data, proceeded to Zamboanga, in Mindanao. Two successful plantations started since 1910 on the nearby island of Bazilan, both producing rubber, afforded them valuable information as to soil, rate of growth, clearing costs, cover crops, and labor. The next move brought them to the great Cotabato Valley, where there are 450,000 acres of available rubber lands. A day's journey by launch up the Rio Grande river, and they reached the only rubber plantation in this whole area, the Rio Grande Rubber Estate. This enterprise is unique because it has required no clearing. The 2500 acres was in grass at the beginning of operations, and was simply plowed up with tractors, and planted with rubber and other crops. Adjacent to it are many thousands of acres similarly available. The four-year-old trees compared favorably in girth and average bark thickness with those on the east coast of Sumatra and other estates in the Middle East. Further penetration on horseback into Bukidnon and other

unoccupied land, discovered conditions all favorable to rubber growing on an extensive scale.

Mindanao is the largest undeveloped tropical territory under the American flag. Located below the belt where typhoons are so injurious to growing rubber trees, this island, now less than 4 per cent cultivated, presents great rubber possibilities so far as physical conditions are concerned. Certain difficulties stand in the way of development by outside capital. One of these is the local land laws which restrict holdings to 2500 acres. Another is the ban on the immigration of alien laborers.

Less spectacular was the investigation carried on in the Middle East by David M. Figart, a trained plantation expert of long experience, who went thoroughly into the all-important matter of production costs in the vast rubber empire of British Malaya, the Dutch East Indies, and Ceylon. This not only requires expert technical knowledge, but fiscal judgment as well.

The findings of the four rubber surveys are available in comprehensive book form, and have been of great assistance to prospective American rubber growers. They comprise an invaluable

contribution to the literature of a subject which is of increasing economic, as well as political, importance.

Since some degree of independence in rubber production is essential to the maintenance of one of our dominant industries, it may be well to indicate briefly just what is being done to bring about this consummation. The pioneer was the United States Rubber Company which, because of the 82 years of some kind of rubber production that it represents through its affiliated companies, is the real mother of the industry. It spans what might be called the three ages of rubber.

So widespread is the present use of the automobile, and therefore the universal employment of tires, that the average person seldom stops to consider that the gasoline era is a comparatively recent one. Up to 1905, rubber manufacturers concentrated mainly on footwear, garden and other hose, and products for mechanical use. This was the first epoch which extended from 1836 to the late, eighties.

Then came the bicycle era when tires, bought on a small scale as compared with their universal

use on motor-cars today, took their place on the commercial map. Bicycle needs, therefore, registered the second stage of commercial rubber expansion. During these two periods the Amazon area was ample to supply all needs with the crude rubber obtained from trees that grew wild in the jungle.

The advent of the automobile launched the third age in 1907. This is familiar history. The fact to be emphasized in connection with rubber output, is that each period carried over its predecessor on an increasing scale except with bicycle tires. Plantation rubber owed its development to gasoline transport. When the first appreciable crop from the British and Dutch estates came on the market in 1910, the world, and especially the British section of it, went rubber mad. Speculation in rubber shares became frenzied, and the price of crude rubber went to the record high of $3.12 a pound.

As far back as 1905, the United States Rubber Company realized the potentialities of independent crude-rubber production. At that time, the Middle East plantations had not come into bearing, and South American crude rubber had

the field to itself. Accordingly the company obtained a concession for 30,000 square miles of rubber forest in the Brazilian State of Matto Grosso, with a view of adapting scientific methods to wild rubber. I use the word scientific because one reason why the Brazil output declined was because of ignorant and wasteful tapping methods employed by the natives. The Brazilian concession, however, proved to be what the British call a "washout." On account of a revolution in Matto Grosso, and the almost chronic unrest that followed, the Americans were unable to develop the property.

With a foresight which has stood the organization in good stead since, the United States Rubber Company then turned to the plantation product in the Middle East. After a preliminary investigation of the field in 1907 by H. Stuart Hotchkiss, now President of the United States Rubber Plantations, Inc., the chief production subsidiary of the United States Rubber Company, and a more exhaustive survey by Edgar Davis during the two succeeding years, the organization definitely began to develop estates in Sumatra in 1910. This was the begin-

ning of what has become the most extensive rubber-growing operations by any American unit anywhere. The entrance into Malaya was effected in 1920.

An interesting commentary on the growth of rubber consumption is that during the year that the United States Rubber Company made its first examination of the Middle East as a possible area for cultivation, that is, 1907, the total annual output of automobile tires in the United States was 710,000. In 1925 it had increased to exactly 59,000,000.

Today the United States Rubber Company owns 124,000 acres, or approximately 194 square miles of rubber-plantation lands in the Far East, representing an investment of $26,000,000. This area produced 20,000,000 pounds of rubber in 1925. By 1931 it is estimated that production will have increased 75 per cent or to 35,000,000 pounds annually.

The United States Rubber Company has done more than pioneer the way to extensive rubber growing under American ownership and direction. It has developed its own method of extracting rubber from the latex. It has also in-

creased production from 350 pounds an acre, the usual output on British and Dutch estates, to 420 pounds, with an indication that even 800 pounds an acre can be reached eventually by means of plant breeding, soil and water conservation.

Clearly to understand the radical changes effected by the United States Rubber Company through its research work, a brief explanation of the usual methods of rubber gathering, both wild and cultivated, is necessary. The bark is wounded, as the phrase goes, to enable the milk to escape. All latex flows into cups which are fastened to the tree, and is collected each day.

In Brazil, the wild rubber is gathered by ignorant natives who dip a wooden paddle into the fluid and then smoke it over a fire of leaves and nuts. The heat evaporates a large part of the liquid, the smoke becomes an astringent, and a film of rubber is left. This operation is repeated until there is a large ball weighing anywhere from 10 to 100 pounds. The smoke also acts as preservative.

On the plantations the usual method is to pour the latex into flat pans or vats, adding a small

amount of acetic acid, which causes the particles of rubber to coagulate and come to the surface forming a thick sheet. After standing for some time this sheet is taken out and put through rollers which squeeze out all the liquid. The rubber is then hung in a smokehouse and smoked from ten to fourteen days, or is ground out into long thin sheets somewhat like crépe in appearance. These sheets are hung up in a drying house and dried by air. This is why you see and hear spot rubber offered for sale as "smoked sheets."

After many years of patient experimenting, the United States Rubber Company originated its own process of extracting rubber. The latex is collected in the usual way, and then placed in a tank above what is known as a spraying room. From the tank it trickles down upon a rapidly revolving disk set in the ceiling of the spraying room. The disk throws off the latex in a fine, white spray. The high degree of heat in the room evaporates the useless liquid, and the rubber particles fall in a white mist to the floor. By this method every particle of rubber in the latex is extracted. The spraying room is kept immaculately clean, and no impurities get into the

rubber. This new type of rubber is called sprayed rubber. One of its chief values is that no matter whether the latex is rich with rubber or thin and therefore diluted, the process extracts it all, and a pure product is the result.

The second advance registered through the United States Rubber Company research is in making fresh latex available in the United States. Heretofore all rubber that came into this country was in the form of the smoked crude article solidified. Now the company ships hundreds of thousands of gallons of liquid latex in the tanks of steamers. Upon arrival it is pumped into tank cars which convey it to the factories. This latex has been introduced direct into manufacture, especially with articles like gloves and also for rubberizing tire fabrics.

The innovations that I have just described show that the rubber like the oil industry, is going in for an intensive research that will not only benefit the consumer immeasureably but, as I have indicated, increase production of the crude product, and thereby give us more and more immunity from foreign sources of supply.

The only other American tire manufacturer

in actual rubber production, is the Goodyear Tire and Rubber Company, which began operations in Sumatra, in 1917, on a concession of 20,000 acres. It was all heavy virgin jungle with exception of about 1700 acres of planted rubber, and a few hundred acres of coffee. Many difficulties lay in the way of exploitation. The World War was on, and labor was difficult to obtain because during that period the heaviest rubber planting ever known in the East was under way. Despite the handicaps, 10,000 acres of forest were cleared by the fall of 1918. In 1920 a force of 8000 coolies and about 50 Europeans were on the job. Railroads and highways had been built and hospitals established.

In 1925 the Goodyear plantations produced 2,750,000 pounds of rubber on the Sumatra estates. The yield for 1926 is expected to be about 4,000,000 pounds, with an additional yield of 3,500,000 pounds when all the trees have matured.

If the plans of Harvey S. Firestone materialize, he will eventually become an important factor in rubber production. You will remember, that he was among the first in the movement for

American-owned plantations, and it was largely because of his publicity campaign that the Congressional appropriation became available to finance the crude rubber surveys of the Department of Agriculture.

Deterred from entering the Philippines by the limitations on acreage, and handicapped by political disturbances in Mexico where he operates an estate, Firestone has turned to Liberia. In the negro republic he has obtained a ninety-nine year lease on 1,000,000 acres of land suitable for rubber growing. He also has a lease for a like period upon a 2000-acre plantation set out fifteen years ago by a British syndicate, and therefore full bearing. His first group of planters are already in Liberia, and before the end of 1926 the project will be under way. In climate, soil, and labor, Liberia is readily adaptable to rubber exploitation. Many years ago wild rubber trees flourished there.

Plantation rubber development usually involves a vast amount of literal spade work because the jungle must be cleared; but in the case of Liberia the undertaking also involves an elaborate system of public improvements for the

country, such as the construction of port and harbor facilities, roads, lines of communication, and the introduction of hydroelectric power. Consummation of the Firestone plan, therefore, will mean a big impetus to the general development of the country in which the United States has always had a sentimental as well as an economic interest. The African republic had its origin in the philanthropic efforts of Americans, and was established to afford a haven for freed slaves desirous of returning to their mother country.

A fourth agency that may contribute to our rubber output is the proposed American Motor Rubber Association which, it is expected, will unite motor and rubber manufacturers in a joint effort to supply some of their needs. The project grew directly out of the agitation over British restriction in 1926, when the rubber boom was at its height.

The sponsors for the enterprise are the National Automobile Chamber of Commerce and the Rubber Association of America, thus uniting the two biggest factors affected by rubber. According to the original scheme, the corporation is to have an initial capitalization of $10,000,000,

and is to be owned and operated by firms or individuals of the industries involved.

Of course this $10,000,000 is a drop in the bucket when it comes to initiating plantation rubber. The sum can be readily increased if the enterprise takes hold. The big significance of the American Motor Rubber Association is that, it coordinates the two most powerful elements in the business for common action. If it never gets beyond the paper stage, it will at least have served this constructive purpose.

All the operations that I have described, whether actual or in the making, are sponsored by interests actively engaged in the manufacture of rubber products of one kind or another. There is still another American-owned source of crude rubber. I refer to the shrub known as guayule. In connection with its commercialization, a little-known chapter of American enterprise was written.

Guayule is the only known commercial rubber shrub. A world-wide search has failed to find it in its wild form in any other region except certain parts of Mexico, and a small area in the "Big Bend" counties of Southern Texas. As

early as 1852, it was known that the bark contained a resilent substance which on analysis proved to contain 80 per cent of pure rubber and about 20 per cent of resin. The rubber was originally discovered when a Mexican chewed some of the bark.

After a long series of unsuccessful attempts to extract rubber from the guayule shrub in marketable form, an Italian chemist, William Prampolini, discovered a chemical process for it. He interested the late Senator Nelson W. Aldrich and Thomas F. Ryan, who financed a thorough test. No results that could be adapted commercially were discovered. Aldrich and Ryan had faith in the possibilities of the shrub. They put up more money, established laboratories, and finally William A. Lawrence, assisted by his daughter, Clara Louise Lawrence, brought the research to successful fruition. Their work, which resulted in a purely mechanical process, was patented in 1903.

The following year the Continental-Mexican Rubber Company formed by Aldrich and Ryan began to produce guayule rubber at a large factory at Torreon, Mexico. The revolution which

began in November, 1910, caused a practical suspension of all business in northern Mexico although the Torreon plant was operated spasmodically. In 1922 a second factory was put up at Credos Ranch. Other factories were subsequently established at Cedral, State of San Luis Potosi, and at Visca, State of Coahuila. Meanwhile, all the American-owned guayule interests came under the control of the Intercontinental Rubber Company.

In 1907 the company sent a group of scientists to Mexico to study intensive propagation of the wild shrub. The disorders, which means the usual Mexican revolution, in 1911 led to the withdrawal of the scientists from the country. The Mexican experimental tracts were ruined by cavalry horses, but a considerable stock of seeds was salvaged.

Ryan and his associates now turned their attention to an investigation of guayule shrub growing in the United States. Since it takes the shrub seven years to mature this was a long and expensive process. Moreover, many localities had to be tested out. It developed that California and Arizona were admirably adapted for

cultivation and large areas in both of these States are now producing the shrub in commercial quantities. South Carolina will be next in line, as experiments there have proved to be successful.

In 1915 the Intercontinental Rubber Company produced 8,200,000 pounds of rubber. Most of the shrub came from 1,800,000 acres of shrub land owned by the concern in Mexico. A very small portion was produced from the shrub grown in California and Arizona.

Guayule rubber, as it is known, is now a standard commodity, and is purchased by all the big rubber manufacturers. On account of its resinous contents, it is well adapted for impregnating fabrics with rubber. Its advocates maintain that guayule rubber, with wide cultivation, could almost supplant both the wild and the plantation tree product. On the labor side, it represents a great saving because it requires very little care. Among other economies of effort, there is no daily tapping as with the tree. Furthermore after the shrub is cut, nature renews the supply.

The Intercontinental Rubber Company has also gone in for plantation tree production in Sumatra, where it owns and operates 3924 acres.

This enterprise is conducted by a subsidiary known as the Continental Plantation Company which was organized in 1917. The output in 1926 will be about 550,000 pounds of rubber.

Any analysis of independent rubber production under American auspices, must involve a careful consideration of the Amazon Valley as a field for development. The world debt to this region is great, because here is the home of the *Hevea Brasiliensis*, the standard tree of the rubber industry, its original habitat being the highlands to the south of the Amazon. From its principal port of shipment, the rubber of commerce is still known everywhere as "Pará rubber," whether its origin is Brazil or the East Indies.

The American rubber expedition sent out by the Department of Commerce demonstrated the existence in the Amazon Valley of all the natural conditions of soil, climate, and topography that are needed for the development of the rubber tree. Moreover, here are found the largest areas in the world available for the cultivation of rubber, some of the best sites being situated within two or three days from Pará, that is, ten or

twelve days from New York. Rubber could be loaded on ocean steamers at the plantation's own docks. No other area has such advantages from the standpoint of transportation. In case of war it would be much easier to keep open the ocean lanes between our coast and the mouth of the Amazon than between this country and the Orient.

The argument that labor is lacking in the Amazon is not borne out by the facts. There is sufficient labor for any possible plantation development. The native element is efficient and easily managed. The State of Pará had in 1920 over 980,000 people, Amazonas 363,000, the Acre Territory over 90,000, and the rubber country of the State of Mattos Grosso over 40,000. Additional laborers can be drawn from the neighboring coast states, the five northernmost of which had a combined population of over 4,300,000 in 1920. There is always a surplus of labor in these states, such as Ceará. They have always been the traditional recruiting ground for the Amazon country. Americans who have employed large numbers of these laborers in the cities of Manaos, São Luiz, and Ceará have de-

clared that they would not want better help. The standard daily wage for unskilled labor in the parts of Brazil that I have mentioned is two *milreis* a day with food, or two and a half *milreis* without food. This is equivalent to between twenty-eight and thirty-five cents a day.

A further advantage of the Amazon Valley over other areas where rubber might be planted, is the existence of over 300,000,000 wild rubber trees that could be tapped. During the six or seven years while planted trees were coming to maturity, which always represents a period of heavy outlay without any revenues from production, wild rubber could be worked by the planting company. The production of the Amazon Valley in 1925 was about 29,000 tons, of which Brazil shipped about 26,000 tons. In 1912, its year of highest production, the Amazon Valley exported over 44,000 tons. With the introduction of capital for mobilizing labor, the production of the Amazon could easily be increased to 70,000 tons a year, which would represent a very considerable factor in the world's rubber market.

After rubber, our chief dependency upon a controlled foreign commodity in terms of dollars

and cents is coffee. Brazil produces 65 per cent of the world's supply, and we consume more than half of it. In the preceding chapter, I explained how the valorization scheme keeps large quantities of the bean out of the market, thereby raising the price and affecting millions of households throughout the United States. Due entirely to official manipulation, the American consumer paid an excess of $82,000,000 in the fiscal year ending June 30, 1925. Although the price has subsided, we are always at the mercy of a tightening of the valorization scheme.

With adequate money, courage, and patience, we can produce enough rubber in time to swing the price. Not so with coffee. On the other hand, we must have rubber to maintain a preeminent industry, but we can almost eliminate coffee without impairing our industrial supremacy to the slightest extent. There are various alternatives, such as tea and cocoa.

Whereas rubber growing for the moment—I refer to the plantation product—is confined to a comparatively small area in the Middle East, coffee is grown in exactly twenty different parts of the world. Brazil's chief rival is Colombia,

whose exports to the United States are steadily increasing.

Unfortunately for us, much of the capital behind coffee growing in Latin-American countries outside Brazil, is German or British. Highly developed coffee culture is a sort of tradition that takes a long time to establish. It would be almost futile for us to try to invade the old areas. We could expand the industry in our island possessions—Hawaii, the Philippines, and Porto Rico—where coffee has been produced for years. One reason why we have not developed a more pronounced taste for Porto Rican coffee is that its biggest market has been Cuba. A portion of it also goes to Europe.

The best weapon against the abuse of Brazilian valorization is in consumer resistance, the efficacy of which has been amply demonstrated. As I have already pointed out, the percentage of the coffee imports of the United States supplied by Brazil declined from 78 per cent in 1910, to 67 per cent in 1925. Meanwhile, the percentage from Colombia has risen during those years from 6 per cent to 17 per cent. In other words, the 11 per cent loss of Brazil seems to have been

transferred to that country's leading competitor. The American consumer will naturally seek further self-protection in reduced consumption, or in substitutes, whenever the Brazilian source is subject to the manipulations of an agency whose governmental status places it totally beyond the normal processes of trade.

More encouraging is the prospect of some degree of emancipation from the Chilean nitrate monopoly. The only natural source of fixed nitrogen known to exist is in the desert region of Chile. In consequence, the output is under a rigid control which has been explained. There has been no appreciable gouge in the price of the product, but since it is essential to the manufacturer of munitions, a war invariably causes serious complications.

The second source of fixed nitrogen is ammonia, as a by-product of coke and gas plants. Here output is limited to the productive capacities of plants whose chief function is in another direction. All other inorganic nitrogenous fertilizers have their source of nitrogren in the air. This air nitrogen is a very inert chemical element which means that intense, prolonged, and expen-

sive processes are required to change it into active nitrogen suitable for plant food. Many different processes are available. As usual, the Germans have perfected the best. One outstanding virtue of nitrogen produced from the air, is that the supply is unlimited.

Because the natural source of fixed nitrogen for fertilizers or for ammunition purposes is in Chile, all governments have become keenly interested in synthetic nitrogen products for war-time purposes. The most conspicuous example of development along this line is offered by Germany. During the war, when she was cut off from the Chilean output, she turned to the manufacture of the synthetic article with such efficiency, that today she is not required to import a single ton from Chile. Her production is so large that it has become a serious competitor of the real thing in all European markets. At present her capacity is limited to the two huge plants erected during the war. These were written off as a war charge, thus enabling the manufacturers to sell at a reasonable price.

A synthetic nitrogen plant, as we have discovered in this country, is a costly business. If

Germany expects to commercialize her synthetic article on a world scale, new factories will be necessary, and the price will rise correspondingly. Meanwhile, she produced 420,000 tons out of the 480,000 tons of nitrogen contained in synthetic nitrogen products which represented the total output of 1925. This showed an increase of 17 per cent over the 1924 production figure. It is interesting to add that Chilean nitrates increased only by a bare 6 per cent during the same period.

England is financing synthetic nitrogen plants. France is protecting hers by import duties on Chilean nitrates. Japan has also gotten into the game. On account of the heavy overhead cost, government support and protection are necessary to enable synthetic nitrogen plants to survive peace-time competition with the Chilean article. Of all countries, Norway is the only one that can economically supply it to the world's market up to the limited capacity of her hydroelectric power. This power is cheap because it is geographically located within reasonable distances from manufacturing centers.

All this explanation is a necessary prelude to

where we get off in nitrates. During the war the United States Government built two immense synthetic nitrate plants. One is located about a mile from Sheffield, Alabama, and the other is the much-described and equally much-discussed concern at Muscle Shoals in the same state. These establishments could give us a reasonable immunity from dependence upon both the Chilean natural product and the foreign-made substitute. The important task, therefore, is to take the politics out of nitrates, and get down to high-powered operation of these institutions which represent the outlay of many millions of good American dollars.

American capital and enterprise have begun to bring about a revolution in the production of Chilean nitrate. Heretofore it was made by a crystallization process which salvaged only from 55 to 60 per cent of nitrate from the so-called *caliche,* the nitrate-bearing ore. A distinguished American engineer, E. A. Cappelen Smith, who devised the smelting process which opened up the great Chuquicamata copper empire in Chile, discovered a refrigerating process which obtains from 90 to 95 per cent of nitrate. The Cappelen

Smith process is now being introduced in an area covering 100 square miles of pampas in the heart of the Chile nitrate-producing area. It is a Guggenheim undertaking, and marks the real entry of the United States into natural nitrate production on a big scale.

The development of a synthetic nitrogen industry is only part of the campaign against fertilizer monopoly. One of the most complete of existing controls in an essential commodity is potash, the entire marketable output of which practically rests with the Germans and the French, who have renewed their agreement to operate as a close corporation on the 70-30 basis, the Teutons to have the big end of the business. The only available commercial source of pure potash supply is in their hands.

During the World War when all potash exports stopped, we spent $50,000,000 in an attempt to extract potash from kelp, from the salines of Nebraska, Utah, and California, from blasting-furnace and cement-factory dusts, and from various potash-bearing rocks. We were not able to produce more than 10 per cent of our needs, which aggregate about 250,000 tons a

year. The moment French and German potash invaded the market again—the French got the Alsace-Lorraine mines under the Versailles treaty—our productive ardor subsided.

As soon as the Franco-German agreement came into force American potash consumers sat up and began to take notice with the result that a new era of investigation started. Thanks to oil-well drilling in Texas, a vast potash deposit was discovered in that state. Again through the oil driller, it became known that the same bed extended into New Mexico. On April 15, 1926, Congress made an appropriation of $550,000 a year for five years to enable the United States Geological Survey and the Department of Agriculture to make an exhaustive survey to locate potash deposits throughout the United States, and to devise new and improved methods of extraction. With this stimulus there is not the slightest reason why we cannot make ourselves reasonably independent of the Franco-German trust.

The more you probe into the operations of foreign monopolies in essential raw materials, the more you discover that their cupidity is invari-

ably their undoing in the end. You have seen how British rubber restriction aroused the American consumer to a resentment that is expressing itself in a campaign for independence. The same has happened with nitrates and potash.

Even more marked is the American attempt to break the Yucatan sisal octopus. So destructive and disconcerting has been the procedure of the trust—it has deterred the producer as well as the consumer—that American twine manufacturers have been trying to find new areas for sisal production. Some years ago the International Harvester Company produced binder twine from home-grown flax. It proved disappointing because the twine weakened, under exposure in the field after harvesting, and broke. This loosened the grain, and caused loss to the farmers. It also attracted insects and other field pests. Kentucky hemp is fairly satisfactory as a binder-twine fiber, but the supply is limited, the cost of production heavy, and the fiber is so much more desirable for other purposes that its price is too high for twine manufacture.

Efforts to develop other sources of sisal supply have been more productive and encouraging.

The International Harvester Company made experiments in Ecuador, and found that the sisal plant would thrive there. Land was acquired and plantations started. Subsequently, political conditions interfered with output.

The company then turned to Cuba, where success is being registered. Three thousand acres were planted near Cardenas, and the greater portion of this land is now producing. Soil and climatic conditions, labor supply, and shipping facilities, are all favorable. Cuba, therefore, will be an important future source of supply. Even at the average price commanded by Yucatan sisal when that market has not been arbitrarily interfered with by government monopoly, sisal production would be an important addition to the revenue-producing industries of the Cuban republic.

Sisal fiber can also be grown in East Africa and Java, and it is possible that the Cuban venture will be repeated there. In seeking to develop a source of sisal supply other than Yucatan, which now produces 95 per cent of it, American binder-twine manufacturers are not looking merely for cheap raw material, but for a more

stable and dependable material which the American farmer simply must have in order to gather his cereal crops.

Everywhere inroads are being made on the natural—from their procedure I should say unnatural—monopolies. The development of artificial silk in the United States, Italy, and England is little less than phenomenal. American-made synthetic camphor is hitting hard the Japanese control of the real thing. An illuminating observation is that it was not until the Nipponese began to restrict supply, that we engaged in the industry. We have also created a substitute for iodine, which is in the grip of the Chilean trust. Yankee ingenuity is turning to an understudy for Argentine quebracho, the best-known tanning extract.

The big lesson embodied in this survey of commodity controls, is not that they stifle the natural ebb and flow of economic forces; that they bristle with possibilities for political manipulation, and endanger international good will. It is that we must mobilize our resources to make ourselves independent, wherever possible, of those agencies

that distort price and create confusion in the market and the manufacturing places.

If we do this, we may some day be able to paraphrase a famous Yankee defy and say, "Billions for economic defence, but not one cent for commodity control tribute."

DEPARTMENTAL PUBLICATIONS

THE COLLECTION and dissemination of timely foreign-trade information is the chief purpose of the Bureau of Foreign and Domestic Commerce. Steadily improving standards of American business demand an increasingly effective service.

The information contained in the printed publications of the Bureau, of which nearly 1000 have been issued since 1906, is compiled primarily by consular officers of the State Department; by the commercial attachés and trade commissioners of the Department of Commerce stationed in the principal capitals and trade centers of the world; by regional, by commodity, and by technical experts on the Washington staff of the Department; and by statistical units in American custom houses. These publications may be classified in two groups, periodicals and special bulletins or monographs.

PERIODICAL PUBLICATIONS

Commerce Reports.—A weekly journal of sixty-four pages, quarto size. This is the most important medium for the dissemination of the commercial data collected by the departments of Commerce and State on American trade resources in foreign countries. Reports from the hundreds of consular offices of the State Department are given to American business men through this journal. The representatives of the Department of Commerce in forty important commercial cities of the world, supply its pages with cable or mail surveys of timely economic and commercial conditions and changes in foreign commercial laws. Tariff rates and regulations are promptly announced in each issue. In addition, each number contains articles by experts on technical phases of foreign trade. The matter is presented under appropriate commodity and geographic heads. The subscription price is $4 a year. An index to the quarterly volumes is sold at 5 cents a copy.

Commerce Yearbook.—An annual volume of about 700 pages. Each issue contains an au-

thoritative review of the economic year throughout the world, from the point of view of American industry and commerce. In this book the outstanding facts of trade, production, price changes, and market conditions are tabulated and analyzed. Summaries are given of the principal manufacturing, mining, and forestry industries, agriculture, construction, transportation, communication, finance, prices, and domestic and foreign trade of the United States, with reviews of the commercial and industrial developments in the principal foreign countries. Numerous charts and diagrams are included. Price (1923 issue), 85 cents.

Monthly Summary of the Foreign Commerce of the United States (statistical).—Issued monthly in two parts: Part I contains statistics of exports and imports by articles and principal countries for the month of issue, and the corresponding month of the previous year, with cumulative figures from July 1 preceding. Part II contains summaries of import and export trade, monthly average import and export prices, statistics of trade in cotton and wool, tonnage of vessels entered and cleared, and commerce

with Alaska, Hawaii, and Porto Rico. Subscription price, $1.25 per year; single copy price of Part I, 10 cents; Part II, 5 cents.

Foreign Commerce and Navigation of the United States (statistical).—An annual publication, quarto size, of about 700 pages containing full statistics of foreign trade. It also has tables showing by nationality the number and tonnage of vessels entered and cleared in foreign trade. Price (1923 volume), $1.75.

Statistical Abstract of the United States.—An annual volume of about 800 octavo pages, of which forty-six numbers have been issued. It contains tables giving in as condensed form as practicable figures collected by Government agencies on all forms of activity and progress in the United States. Price of last edition, cloth bound, $1.25.

Mimeographed Material.—These circulars are distributed free to any American firm making application to the appropriate bureau division, and indicating its special interests or activites. In the fiscal year 1924, over 3,101,000 copies of mimeographed circulars were distributed, comprising 2227 separate statements,

as compared with about 1,000,000 copies involving 1100 statements in 1923, and 350,000 copies covering 744 statements in 1922. The character of this noncatalogued material is indicated by the following sample titles:

Weekly Statistics of Wool Imports.

Weekly Wheat Imports from Canada.

Weekly Exports of Pork Products.

Chilean Markets for Internal-Combustion Engines.

Central American Trade Opportunities for Windmills.

Foreign Automotive Trade Items.

World Notes on Fertilizers.

World's Wool Digest.

Weekly Notes on Foodstuffs Round the World.

Tire Exporters' Weekly News Letter.

Weekly Foreign Shipping News.

Lists of foreign buyers comprise another form of widely distributed mimeographed material, which cannot be readily catalogued. Over 415,000 such lists were distributed on individual request in the fiscal year 1924, or nearly seven times the number distributed in 1922. These

lists, or modified trade directories, are subject to constant revision, and are, therefore, mimeographed rather than printed. They are based upon reports received from American consular officers and representatives of the Department of Commerce abroad, and are collated with data secured by exchange from various nonofficial sources.

BIBLIOGRAPHY ON FOREIGN TRADE

AGNEW, HUGH E.—*Cooperative Advertising by Competitors.* New York, Harpers.

ARNOLD, JOHN R.—*Hides and Skins.* New York, Shaw Co., 1925.

ASHTON, THOMAS S.—*Iron and Steel in the Industrial Revolution.* New York, Longmans, 1924.

AUSTIN, OSCAR P.—*Economics of World Trade.* New York, Business Training Corporation, 1916.

——. *Trading with the New Countries of Central Europe.* New York, National City Bank of New York, 1920.

BACKERT, ADOLPHUS O.—*The A. B. C. of Iron and Steel.* Cleveland, Penton Publishing Company, 1925.

BAILEY, CLYDE H.—*Chemistry of Wheat Flour.* New York, Chemical Catalog Co., 1925.

BEWES, WYNDHAM A.—*Romance of the Law Merchant.* Toronto, Carswell Co., 1923.

BROWN, ROBERT N. R.—*Principles of Economic Geography.* New York, Pitman, 1920.

BROWN, EDMUND—*Marketing.* New York, Harpers.

BUSINESS TERMS, *Phrases and Abbreviations, 4th ed.* New York, 1921.

CALVIN, H. C. and STUART, E. G.—*Merchant Shipping and Industry.* New York, Wiley, 1925.

CHAMBERLAIN, JAMES F.—*Geography, Physical, Economic and Regional.* Philadelphia, Lippincott, 1921.

CHAMBERLAIN, JOSEPH H., and BROWNE, C. A. (editors).—*Chemistry in Agriculture.* New York, Chemical Foundation, 1926.

CHISHOLM, GEORGE G.—*Handbook of Commercial Geography.* New York, Longmans, 1925.

Civil Aviation.—New York, McGraw-Hill, 1926.

COLLINS, JAMES H.—*Straight Business in South America.* New York, Appleton, 1920.

CORBIN, THOMAS W.—*Romance of Submarine Engineering.* London, Seeley Service Co., 1913.

CORNFORD, LESLIE G.—*A Century of Sea-Traders,* 1824-1924. New York, Macmillan, 1924.

CRAWFORD, MORRIS DEC.—*The Heritage of Cotton; the Fibres of Two Worlds and Many Ages.* New York, Putnam, 1924.

DENNIS, ALFRED PEARCE.—*The Romance of Foreign Trade,* New York, Holt.

DOWSETT, HARRY M.—*Wireless Telegraphy and Telephony.* New York, Wireless Press Co., 1920.

DOUGLAS, C. E.—*Rice and its Cultivation.* New York, Pitman, 1924.

EDWARDS, GEORGE W.—*International Trade Finance.* New York, Holt.

ELDRIDGE, FRANK R.—*Oriental Trade Methods.* New York, Appleton, 1923.

——. *Trading with Asia.* New York, Appleton, 1921.

FILSINGER, E. B.—*Exporting to Latin America.* New York, Appleton, 1919.

——. *Commercial Travelers' Guide Book to South America.* Washington, Department of Commerce.

FRIEDMAN, ELISHA M.—*International Commerce and Reconstruction.* New York, Dutton, 1920.

GEER, WILLIAM C.—*The Reign of Rubber.* New York, Century, 1922.

GIBSON, CHARLES R.—*The Romance of Coal.* London, Seeley Service Co., 1923.

———. *Romance of Modern Electricity.* Rev. ed. Philadelphia, Lippincott, 1924.

———. *Wireless of Today.* London, Seeley Service Co., 1924.

GOULDING, ERNEST.—*Cotton and Other Vegetable Fibres.* New York, Van Nostrand, 1919.

GRIFFIN, CLARE B.—*Principles of Foreign Trade.* New York, Macmillan, 1924.

HAMMOND, C. S. & Co.—*Hammond's Business Atlas of Economic Geography.* New York, 1919.

HANNAY, DAVID.—*The Sea-Trader; His Friends and Enemies.* Boston, Little Brown, 1913.

HARING, HARRY A.—*Warehousing; Trade, Customs and Practice.* New York, Ronald Press, 1925.

HAYWARD, WALTER.—*Sales Administration.* New York, Harpers.

HERRICK, CHEESMAN A.—*History of Commerce and Industry.* New York, Macmillan, 1916.

HOOPER, LUTHER.—*Silk; Its Production and Manufacturing.* New York, Pitman, 1919.

HOUGH, B. OLNEY.—*Practical Exporting.* New York, American Exporter, 1921.

HOWE, HARRISON E. (editor).—*Chemistry in Industry.* 2v. New York, Chemical Foundation, 1924.

——— *The New Stone Age.* New York, Century, 1921.

HUNTER, J. A.—*Wool from the Raw Material to the Finished Product.* New York, Pitman, 1923.

HUNTINGTON, ELLSWORTH, and CUSHING, S. W.—*Modern Business Geography.* New York, World Book Company, 1925.

IRWIN, JOHN R.—*Radio up to the Minute.* New York, Clode, 1926.

JOHNSON, EMORY R., and HUEBNER, G. G.—*Principles of Ocean Transportation.* New York, Appleton, 1921.

JONES, WELLINGTON J., and WHITTLESEY, D. S.—*Introduction to Economic Geography.* Chicago University Press, 1925.

LAHEE, ARNOLD W.—*Our Competitors and Markets.* New York, Holt, 1924.

MADDOS, HARRY A.—*Paper; Its History, Sources and Manufacture.* New York, Pitman, 1916.

MARCOSSON, ISAAC F.—*The Black Golconda; The Romance of Petroleum.* New York, Harpers, 1924.

MARTIN, CHARLES C.—*Export Packing.* New York, American Exporter, 1920.

MILL, HUGH R.—*International Geography.* New York, Appleton, 1920.

MONTGOMERY, EDWARD G.—*Productive Farm Crops.* Philadelphia, Lippincott, 1916.

MORRISON, ALFRED J.—*East by West.* Boston, Four Seas Co., 1920.

NOURSE, EDWIN J.—*American Agriculture and the European Market.* New York, McGraw-Hill, 1924.

O'MALLEY, FRANK.—*South American Trade and Its Financing.* New York, National City Bank, 1920.

PEDDIE, JOHN T.—*The First Principles of Production.* New York, Longmans, 1918.

——. *On the Relation of Imports and Exports.* New York, Longmans, 1916.

Pogue, Joseph E.—*Economics of Petroleum.* New York, Wiley, 1921.

Putnam, George G.—*A History of the Pepper Trade with the Island of Sumatra.* Salem, Essex Institute, 1924.

——. *Salem Vessels and Their Voyages.* Salem, Essex Institute, 1924.

Ridley, Henry N.—*Spices.* New York, Macmillan, 1912.

Schwedtman, F. C.—*Development of Scandinavian-American Trade Relations.* New York, National City Bank, 1921.

Selfridge, H. G.—*Romance of Commerce.* New York, Lane, 1918.

Sindall, R. W.—*Manufacture of Paper.* New York, Van Nostrand, 1908.

Slater, John A.—*Commodities of Commerce.* New York, Pitman, 1920.

Slosson, Edwin E.—*Creative Chemistry.* New York, Century, 1919.

Smith, Joseph R.—*Commerce and Industry.* New York, Holt, 1925.

——. *World's Food Resources.* New York, Holt, 1919.

Spurr, Josiah E., and Wormser, F. E.—*Marketing of Metals and Minerals.* New York, McGraw-Hill, 1925.

Taylor, Eva G. R.—*The Business Man's Geography.* London, Philip's, 1923.

Todd, John A.—*The World's Cotton Crop.* London, Black, 1923.

Ukers, William.—*All About Coffee.* New York, Tea and Coffee Trade Journal Co., 1922.

WERNER, CARL A.—*Tobaccoland.* New York, Tobacco Leaf Publishing Co., 1922.

WHITE, JOSEPH L.—*Analysis of Railroad Operations.* New York, Simmons-Boardman, 1925.

WYMAN, WALTER F.—*Direct Exporting.* New York, Business Training Corporation, 1916.

———. *Export Merchandising.* New York, McGraw-Hill, 1922.

BADER, LOUIS.—*World Developments in the Cotton Industry.* New York University Press, 1925.

LATANÉ, JOHN H.—*The United States and Latin America.* New York, Doubleday, 1920.

MACOMBER, GEORGE S.—*Modern Land and Submarine Telegraphy.* Chicago, American Technical Society, 1914.

ROTHAFEL, S. L.—*Broadcasting, Its New Day.* New York, Century, 1925.

DIRECTORY OF COMMERCE OFFICES

ALEXANDRIA: Richard A. May, Trade Commissioner, 3 Place Mohamed Aly.

ATHENS: Gardner Richardson, Commercial Attaché, American Legation.

BARCELONA: James G. Burke, Trade Commissioner, American Consulate.

BATAVIA: Charles P. Goodhue, Assistant Trade Commissioner, Tanah Abang Oost 73.

BERLIN: F. W. Allport, Commercial Attaché, 21 Friedrich Ebertstrasse.

BOGOTA: William Boaz, Commercial Attaché, Edificio del Banco de Colombia, Carrera 8.

BOMBAY: Edward J. Sabine, Assistant Trade Commissioner, Rooms 5 & 6, Rustom Building, Churchgate Street.

BRUSSELS: Mowett M. Mitchell, Commercial Attaché, 25 Place de l'Industrie.

BUCHAREST: Sproull Fouche, Acting Commercial Attaché, Strada Regala 21.

BUENOS AIRES: H. B. MacKenzie, Acting Commercial Attaché, Room 421, Boston Bank Building.

CALCUTTA: C. B. Spofford, Trade Commissioner, Room 29, Grosvenor House, 21 Old Court House.

CONSTANTINOPLE: Julian Gillespie, Trade Commissioner, American Embassy.

COPENHAGEN: Harry Sorensen, Commercial Attaché, Toldbodvey 7.

HAVANA: Frederick Todd, Commercial Attaché, Horter Building 325, Obispo 7.

THE HAGUE: P. E. McKenny, Assistant Trade Commissioner, 31 Prinsessegracht.

HAMBURG: Earl C. Squire, Trade Commissioner, Alsterdamm 24.

HELSINGFORS: Emil A. Kewich, Assistant Trade Commissioner, American Consulate.

JOHANNESBURG: Perry J. Stevenson, Trade Commissioner, P. O. Box 6989.

LIMA: L. W. James, Commercial Attaché, Edificio Italia, Calles, de Coca y Jesus Nazareno.

LONDON: William L. Cooper, Commercial Attaché, Bush House, Aldwych.

MADRID: Charles H. Cunningham, Commercial Attaché, 136 Hortaleza.

MANILA: Ollie M. Butler, Trade Commissioner, 510-512 Masonic Building.

MELBOURNE: Julian B. Foster, Assistant Trade Commissioner, Chancery House.

MEXICO CITY: Alexander V. Dye, Commercial Attaché, 2 Avenida Francisco Madero.

MONTEVIDEO: Lew B. Clark, Commercial Attaché, Palacio Sarandi, 444 Calle Sarandi.

MONTREAL: Walter J. Donnelly, Assistant Trade Commissioner, 215 Canada Cement Building, Phillips Square.

OTTAWA: Lynn W. Meekins, Trade Commissioner, Plaza Building, 45 Rideau.

PARIS: Chester Lloyd Jones, Commercial Attaché, No. 5 Rue de Chaillot.

PEKING: Julean Arnold, Commercial Attaché, American Legation.

PRAGUE: James F. Hodgson, Commercial Attaché, Obecni Dum, Pokoj cisle 353.

RIGA: Carl J. Mayer, Commercial Attaché, 4 Gr. Koenig Strasse.

RIO DE JANEIRO: William L. Schurz, Commercial Attaché, Avenida Rio Branco 109, Sala 20.

ROME: H. C. MacLean, Commercial Attaché, American Embassy, Piazza San Bernado.

SAN JUAN: H. P. MacGowan, Trade Commissioner, Ochoa Building.

SANTIAGO: Ralph H. Ackerman, Commercial Attaché, Room 11, Edificio Ariztia.

SAO PAULO: William E. Embry, Trade Commissioner, Rua S. Bento 55.

SHANGHAI: George C. Howard, Trade Commissioner, 3 Canton Road.

STOCKHOLM: T. O. Klath, Commercial Attaché, Kungskatan No. 7.

SYDNEY: Elwood G. Babbitt, Trade Commissioner, Kembla Building, 60 Margaret Street.

TOKIO: Charles E. Herring, Commercial Attaché, No. 8, Nakadori, Marunoucho.

VIENNA: H. Lawrence Groves, Commercial Attaché, I Bosendorferstrasse 13.

WARSAW: Ronald H. Allen, Acting Commercial Attaché, ii Jasna Street.

DISTRICT OFFICES OF THE BUREAU OF FOREIGN AND DOMESTIC COMMERCE

Office	Address	Manager

Atlanta, 538 Post Office Building, Harry O. Mitchell.

Boston, 1801 Customhouse, Harvey A. Sweetser.

Chicago, Room 845, 33 S. Clark Street, Frederick L. Roberts.

Des Moines, Post Office Building, Brice M. Mace.

Detroit, 607 Free Press Building, Howard H. Tewksbury.

Galveston, 309 Post Office Building, Walter N. Pearce.

Houston, Chamber of Commerce Building, Ernest L. Tutt.

Louisville, Board of Trade Building, Prentiss M. Terry.

Memphis, Chamber of Commerce Building, William B. Henderson.

Minneapolis, Federal Building, Ernest M. Zwickel.

New Orleans, 322 Post Office Building, John S. Goff.

New York, 734 Customhouse, Albert J. Barnaud.

Philadelphia, Room 812, 20 S. Fifteenth Street, Samuel H. Day.

Portland, Ore., 222 Oregon Building, James E. Peebles.

St. Louis, 1201 Liberty Central Trust Co. Building, Thomas L. Gaukel.

San Francisco, 310 Customhouse, Leonard B. Gary.

Seattle, 515 Lowman Building, Shirl H. Blalock.

THE END

Unusual Memoirs

MY LIFE AND TIMES — By JEROME K. JEROME.

The life story of Jerome K. Jerome, famous author of "Three Men in a Boat" and "The Passing of the Third Floor Back," who during his varied career has been clerk, teacher, journalist, actor, editor and novelist, and has known most of the outstanding men and women of his time. His book is packed with delightful observations and anecdotes, and gives an inimitable cross-section of the literary and theatrical England of the past half century.

MORE UNCENSORED RECOLLECTIONS — ANONYMOUS

The English author of "Uncensored Recollections," that daring volume which excited so much discussion recently, again lifts the curtain which hangs between the private life of the great and the public. With pungent humor and the utmost frankness, the author, who belongs obviously to the society of which he writes, tells of court and official life in England and the European capitals.

A MUSICIAN AND HIS WIFE — By MRS. REGINALD DE KOVEN

The crowded memoirs of a crowded career—of one who as wife of a famous composer led a life of unsurpassed interest and was intimate with all the great personalities of the eighteen seventies, eighties, and nineties.

SOME MEN AND WOMEN OF IMPORTANCE — By A. G. GARDINER

As editor for nearly twenty years of the London *Daily News*, A. G. Gardiner has had unique opportunities for intimate contacts with leaders of opinion and action all over the world. In this book he presents a strikingly varied gallery of stimulating word-portraits—of Stanley Baldwin, Lady Astor, Ramsay MacDonald, Bernard Shaw, Charlie Chaplin, W. J. Bryan, Calvin Coolidge and many others.

THROUGH MANY WINDOWS — By HELEN WOODWARD

One of the most interesting of modern business women writes of her extraordinary career in advertising and other fields; combining with her autobiography much shrewd and dispassionate comment on modern business life.

HARPER & BROTHERS

Publishers Since 1817 — NEW YORK

New Harper Novels

THE APPLE OF THE EYE — By Glenway Wescott

Of Glenway Wescott's remarkable novel Sinclair Lewis writes: "Fine and fiery art. . . . I am afraid he has something curiously like genius." The scene of this spiritual tragedy is a little known countryside of southern Wisconsin. Because of an ever-present sense of the pathetic and the terrible and an extraordinary ability to create character, Glenway Wescott has written a memorable story, one that is sure to be read with emotion and talked about with enthusiasm.

A PRINCE OF MALAYA — By Sir Hugh Clifford

To those who read Sir Hugh Clifford's "Malayan Monochromes" this volume needs no recommendation; to those who have not it will be sufficient to say that Conrad was his friend and admirer. This novel is a brilliant study of the Oriental temperament by a writer who knows the East as well as Conrad or Kipling.

DESERT: A LEGEND — By Martin Armstrong

The action of this story moves between the corrupt brilliance of pagan Alexandria and desert where Christian ascetics sought salvation. A subtle and moving drama of abnegation, it is told with simplicity and beauty, with understanding of the religious temperament, and with dramatic power.

THE SACRED GIRAFFE — By S. Madariaga

"As witty a bit of fooling as we have read since the ironies of Samuel Butler, and not unworthy to be mentioned as in the apostolic succession from 'Erewhon,'" wrote the *London Daily Telegraph* of this brilliant and spirited satire. This fantastic tale merrily satirizes the follies of the present day in a civilized and ingenious manner.

HARPER & BROTHERS

Publishers Since 1817 — NEW YORK

HARPER BUSINESS BOOKS

ADVERTISING COPY

By GEORGE B. HOTCHKISS, M.A.

Chairman of the Department of Advertising and Marketing, New York University

This first complete treatise on the writing of advertising copy shows how to write advertisements that combine literary merit and pulling power. There are a large number of practical illustrations from actual advertisements.

CONSTRUCTIVE SALESMANSHIP

By JOHN A. STEVENSON

Second Vice President of the Equitable Life Assurance Society of the United States

An actual record of the methods experienced salesmen have used in securing prospects, obtaining the interview and getting the order. They are not "trick ways" of making individual sales, but are the tried methods of building a permanent clientele.

COOPERATIVE ADVERTISING BY COMPETITORS

By HUGH E. AGNEW

This book sets forth the achievements of trade associations and community organizations in forwarding group advertising by competitors and by local communities. The reader is shown how such campaigns may be organized and the technique used in carrying them out.

SCIENTIFIC SELLING AND ADVERTISING

By ARTHUR DUNN

The necessary points of successful salesmanship are here set forth on a scientific basis for the aid of advertising men, sales managers, manufacturers, merchants. The author has sold millions of dollars' worth of securities, drilled and educated salesmen, and conducted large sales organizations.

Harper & Brothers

Publishers Since 1817 ***New York, N. Y.***

HARPER BUSINESS BOOKS

INCREASING PERSONAL EFFICIENCY

By DONALD A. LAIRD, PH.D.
Professor of Psychology, Colgate University

A helpful study of the uses of psychology in everyday life, by an accredited psychological scholar.

HOW TO CHOOSE AND GET A BETTER JOB

By EDWARD J. KILDUFF, M.A.
Professor of Business English, New York University

This will help any man to decide on the type of work for which he is best suited, and will give him many practical suggestions for the proper method of securing such a position.

ACRES OF DIAMONDS

By RUSSELL H. CONWELL

This volume contains Dr. Conwell's famous inspirational lecture, together with a biographical sketch by Robert Shackleton.

IMAGINATION IN BUSINESS

By LORIN F. DELAND

By imagination in business the author means an understanding of human nature and an ability to capitalize on this knowledge. He tells many significant incidents to illustrate the means by which the public has been induced to purchase in the past and can be made to do so in the future.

FREDERICK W. TAYLOR

By FRANK BARKLEY COPLEY

The authentic biography of the father of scientific management; with which is interwoven an interesting exposition of the origin and nature of scientific management, more complete than anything yet written on the subject.

Harper & Brothers

Publishers Since 1817 ***New York, N. Y.***

Date Due

22 0 '27

CONNECTICUT COLLEGE LIBRARY dc
380.973 M333
Caravans of commerce,
3 1839 002124505

380.973 30865
M333
AUTHOR Marcosson
TITLE Caravans of commerce
DATE DUE BORROWER'S NAME

380.973 30865
M333